HOUSE OF REPRESENTATIVES—*Monday, July 24, 1989*

The House met at 12 noon.

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

As the morning brings new light and opportunity, we earnestly pray, O God, that each day will bring renewal of our hearts in thought, word, and deed. As Your spirit breathes into us the life of hope, so may we continue confident of Your love to us. May no discouragement or fear or any anxiety about the tomorrows of life keep us from experiencing this day the blessings of Your bountiful world. This we pray. Amen.

THE JOURNAL

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

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

PLEDGE OF ALLEGIANCE

The SPEAKER. The gentleman from Michigan [Mr. BONIOR] will lead us in the Pledge of Allegiance.

Mr. BONIOR led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

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

S. 681. An act to require the Secretary of the Treasury to mint and issue coins in commemoration of the 100th anniversary of the statehood of Idaho, Montana, North Dakota, South Dakota, Washington, and Wyoming, and for other purposes.

OUR EXPENSIVE MILITARY PLANES BEING SHOT DOWN BY BIRDS

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

Mr. TRAFICANT. Mr. Speaker, we spend $300 billion a year on defense. The B-1 bomber alone costs $281 million. The B-2 now costs anywhere from $530 million on up to $1 billion, and after all this money the General Accounting Office reported that our planes are being shot down at a record pace, literally a record pace by birds, no less.

The GAO study said that in the last 5 years there were 16,000 collisions involving military aircraft and birds. It resulted in totally destroying nine planes, 320 million dollars' worth of damage and six crewmen died.

Now, let us think about it. This was all prompted by a 1987 crash when a pelican shot down a B-1 bomber, and listen to what the Pentagon said: "My God, that pelican weighed 16 pounds."

Mr. Speaker, what does an enemy rocket weigh? We have a $310 billion budget out of control.

Now, I agree we cannot protect America with the Neighborhood Crime Watch, but we do not need a nuclear weapon for every barroom brawl. Let us straighten this country out and cut this defense turkey.

THROUGH THE DRUG WAR MAZE IN 28 DAYS—DAY 5: HOUSE EDUCATION AND LABOR COMMITTEE

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

Mr. SMITH of Mississippi. Mr. Speaker, I wish to call attention to the House Education and Labor Committee, as it relates to the war on drugs. Again, here is a committee that does not need jurisdiction over the Nation's drug control efforts, and the work of the President's drug czar. Yet this committee is part of the maze of more than 80 committees, subcommittees, and select committees that the drug czar must pass through to arrive at a drug control strategy.

Mr. Speaker, if Bill Bennett has to face this nightmare of congressional oversight for approval of his program, due out September 5, then he'd do just well to spend his days circling the Capital Beltway. It would take him well into 1990 to testify before all the panels he must answer to. This is no way to plan and implement a drug control strategy. This is no war on drugs.

The war on drugs will never be more than a public relations campaign, as long as Congress wages its war by choir and not by troop.

I urge my colleagues to support bills in the House and Senate to create a single oversight committee that could spearhead a true war on drugs.

CONGRATULATIONS TO GREG LEMOND, WINNER OF TOUR DE FRANCE BICYCLE MARATHON

(Mrs. VUCANOVICH asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. VUCANOVICH. Mr. Speaker, I would like to call our attention today to the outstanding performance of Greg LeMond, who yesterday won the Tour de France bicycle marathon. Greg LeMond is a constituent from my district, who lives and trains in the Reno area.

There are a number of extraordinary qualities about Greg which make him a winner with uncommon courage and strength.

He is the only American ever to have won the Tour de France. More than that, he has won the Tour de France twice, and he triumphed over a number of serious injuries in order to win this year's grueling race.

Since his first victory in 1986, Greg has overcome almost insurmountable odds. In the past few years he has recovered from a broken collarbone, a broken wrist, appendicitis, leg problems, and an almost fatal shotgun wound that forced the removal of 40 shotgun pellets from his abdomen. During the ordeal of winning this race, Greg still carries shotgun pellets in the lining of his heart.

Greg LeMond is an example to all American athletes of the true grit which he showed in beating the odds to win the Tour de France. As his representative I am immensely proud of this young man, and I believe all Americans join me today in congratulating him in his moment of victory.

B-2 BOMBER A GOOD INVESTMENT FOR SECURITY OF UNITED STATES

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

Mr. SKELTON. This week, Mr. Speaker, we are debating and voting on the Department of Defense authorization bill. Part of the debate will center on the new technology known as the Stealth or B-2 bomber.

I support the B-2 bomber. I think it is absolutely necessary that our Nation have as part of our defense the highest and best technology that we can have.

What leads me to conclude that the B-2 would be a very good investment for the security of the United States is

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as follows: A very good case can be made for reasons of technology, arms control, and force structure. The technological argument is the most profound one. Much the way the advent of the submarine in the early part of this century fundamentally transformed naval warfare, the advent of the Stealth bomber will transform air warfare.

Ships visible on the water's surface become invisible under the water as submarines. Just as a handful of submarines in the early years of the Second World War almost won the fight against Britain. It was not until 1943 that the Battle of the Atlantic was finally won.

That is what this Stealth airplane does, the B-2 airplane does. It is invisible to radar screens, which, of course, is the battle of today and tomorrow.

Mr. Speaker, I support the B-2 bomber. I urge others to do the same.

REQUEST TO MAKE IN ORDER DIVISION OF THE QUESTION ON AMENDMENT NO. 25 AS PRINTED IN PART 2 OF HOUSE REPORT 101-168

Mr. MICHEL. Mr. Speaker, within a few moments we will be taking up the rule on the Armed Services authorization bill. It is a controversial rule. It will probably provide the lengthiest debate we will have considered this year, obviously with more than 200 amendments that were initially offered and requested for consideration.

It is my understanding that our friend, the distinguished ranking member of the Armed Services Committee, is rather distressed at several of the provisions of this rule that do not accord the gentleman the privilege as the ranking member to propound or to offer the kind of amendments that he thinks ought to be offered.

In keeping with that, Mr. Speaker, I ask unanimous consent that notwithstanding adoption of House Resolution 211, it shall be in order in the Committee of the Whole to demand a division of the question on amendment No. 25 as printed in part 2 of House Report 101-168, so as to permit separate votes on section 126 and 127 of the amendment.

By way of quick observation this unanimous-consent request, of course, would provide for a separate vote on the F-14B and the V-22 Osprey. Currently the way the rule is constructed, those would be taken and voted together as a package. What my unanimous-consent request would do is to break that up to permit an individual vote on each weapon system.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. BONIOR. Reserving the right to object, Mr. Speaker, under my reservation if I might make just a few comments to the distinguished minority leader.

□ 1210

We worked long and hard to try to be fair with this rule. We considered 217 different amendments. The gentleman from Alabama [Mr. DICKINSON] was given, I believe, ample opportunity to have his views represented. In fact, we in a number of instances bent over backward to take care of his concerns and his needs.

Mr. Speaker, on the issue at hand, the gentleman from Alabama will have three different occasions to strike the F-14 and V-22. The gentleman from Illinois is correct. He will not be able to do that individually, but in his original Dickinson amendment, he will be able to do it. He will be able to do it in a special amendment. We allowed him to do it in section 2 of the report, and he will also be able to do it in the motion to recommit in which we have expanded to 1 hour, a highly unusual procedure from the Committee on Rules in itself, in favor of the minority's right to recommit.

This alternative that we are providing, the Republican alternative we are providing, I think, is eminently fair. We do it in each of the major clusters. We give them an alternative on SDI, burden sharing, the B-2 bomber, chemical weapons, the budget issue. I think we have been very, very fair with this rule, Mr. Speaker.

As I mentioned, we allow an hour of debate on the motion to recommit. Thirty-eight Republicans asked for amendments to the Committee on Rules. We gave 22 Republicans, two-thirds roughly of those who requested, a chance to offer amendments, and so I would just say that I think we have bent over backwards to be fair.

Of course, we have needs on our side, too, that we have to take care of. I am really reluctant to do this, but I think in view of the fact that we have worked very well with the minority on this bill, and we have worked with the gentleman from New York (Mr. SOLOMON] and all the other Republican members on the committee, that I am going to be constrained to have to make an objection on this request.

Mr. SOLOMON. Mr. Speaker, will the gentleman withhold his objection?

Mr. BONIOR. I will withhold it, Mr. Speaker.

Mr. SOLOMON. Mr. Speaker, reserving the right to object, let me say to the ranking member of the Armed Services Committee and also to the gentleman from Michigan who is carrying the rule here today that, first of all, the Committee on Rules, the majority members, were very decent to the minority. They allowed us to meet with them in caucus, in private and in public, and they certainly allowed us to get across the points of view of the minority. However, that is about where it all ended. They listened very patiently, then they went about their own business, and there now is no consensus on this rule whatsoever.

Concerning the request of the gentleman, the ranking minority member, the majority did allow the gentleman from Alabama [Mr. DICKINSON], to offer the Cheney budget early in the bill; they provided that if that Cheney budget passed, then they would allow an amendment to be offered clustering the V-22 and the F-14 so that it would attract more votes to be successful. However, should the Cheney budget fail, the gentleman from Alabama [Mr. DICKINSON] was then deprived of his right to offer the kind of separate amendments that would attract the most votes, as was given to the proponents of the V-22 and the F-14. That was not fair and, of course, the point was argued.

The gentleman from Michigan has said that the gentleman from Alabama [Mr. DICKINSON] will have ample opportunity to do what the ranking Republican is asking. That is not quite true. I do not say that the gentleman is not telling the truth, but there evidently is a misunderstanding, because at no point in this bill will the gentleman from Alabama [Mr. DICKINSON] be able to offer individual strike motions on these two subjects—the F-14 and the V-22.

Mr. Speaker, there is a lot that is unfair about this rule which we are going to discuss unless we come to some other amicable arrangements between now and the end of the rule debate. But if the gentleman wants to be fair, he certainly would honor the ranking Republican's view.

I do not necessarily share the same views as the ranking Republican on this issue, but he is entitled to fairness, and the gentleman should not object to it.

Mr. GINGRICH. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I am happy to yield to the gentleman from Georgia.

Mr. GINGRICH. Mr. Speaker, I just want to emphasize the point here that we have a very particular place where the Secretary of Defense, trying to meet the bipartisan budget agreement, has made some very difficult decisions. They are very big decisions, and it seems to me only fair to give the House an opportunity to vote on a straight, clean manner, yes or no on two different weapons systems, and I think the country will not understand why, in an almost pork-barrel way, we would roll both of those together so that the House never had a chance to have a clean, straightforward, up-or-down vote, and I would really hope that the gentleman from Michigan would reconsider his objection from the standpoint that we would like to be able to support this rule. We would

certainly like to avoid engaging in procedural maneuvers and some concern on the part of some Members about having a whole series of votes on all of the various amendments and trying to express displeasure.

Mr. Speaker, all that the gentleman from Alabama [Mr. DICKINSON] and the gentleman from Illinois [Mr. MICHEL] are asking for is the opportunity to allow Secretary Cheney's two major procurement decisions to be voted on in a clean and straightforward manner. I think that we are not asking the House to pass them, although we would obviously like the House to support the President of the United States and the Secretary of Defense, but we are asking the House to be given a chance to record it in a straightforward way.

I would hope the gentleman from Michigan would reconsider in a spirit of bipartisanship and would allow for this one minor amendment, this one unanimous-consent request, to go through.

Mr. SOLOMON. Further reserving the right to object, if the gentleman from Michigan would bear with me just a few minutes, this rule on this defense authorization bill is the most closed rule that this body has considered in the 11 years I have been in Congress on an issue that is the most important issue to come before the Congress in any year, but especially in this year of fiscal restraint.

Let me just say to the gentleman from Michigan that I want to support this rule. I do appreciate the fact that the gentleman did listen, that he and the chairman, the gentleman from Massachusetts [Mr. MOAKLEY], listened to us. But let me tell the Members that when it comes to SDI and the cutting amendments, we, the Republican side, were allowed one amendment on the king-of-the-hill method, and the Republican amendment was placed first, which puts us in a bad position. If that is the way it has to be, at least we were given an amendment.

Then when it comes to the add-back amendments, the Republicans were denied all amendments, and yet there are three Democratic amendments, three Democrat amendments allowed. That is under SDI.

When it comes to ICBM, in spite of what the chairman, the gentleman from Wisconsin [Mr. ASPIN], asked for in the way of just three amendments, the Committee on Rules made in order five amendments. All five are Democrat amendments, not one Republican, dealing with the most, or one of the most, important issues of the bill, ICBM's.

Under nuclear testing, the gentleman from Massachusetts [Mr. MARKEY] was allowed an amendment, and no Republican substitute, no Republican amendment, was allowed.

When it comes to Davis-Bacon, two Democrat amendments were allowed, but no Republicans.

When it comes to Small Business Administration set-asides, one Democratic amendment was allowed, and none of the Republican amendments were allowed.

When we come to plutonium development which should not be in the bill at all, we were not allowed a substitute. The gentleman from Michigan [Mr. BROOMFIELD], the ranking Republican on the Committee on Foreign Affairs, is sitting over here, but he was denied his substitute on that major, major subject.

We do not even want to make an issue out of this providing they could at least oblige the ranking Republican leader's request, which at least deals with one of the important issues. Otherwise, those of us who even share the gentleman's view over there on the V-22's and the F-14's are going to be constrained to fight this rule.

Mr. Speaker, I would just implore the gentleman, and beg the gentleman even, out of fairness, to see to the minority leaders's wishes.

Mr. BONIOR. Mr. Speaker, further reserving the right to object, again, we received no amendment from the Republicans on the ICBM. We received no amendment from my colleague and good friend, the gentleman from Michigan [Mr. BROOMFIELD], on the plutonium issue. We granted the gentleman from Michigan [Mr. BROOMFIELD] his amendment which he was concerned, very concerned, about with regard to arms negotiations. We gave 65 percent of the requests that were asked of us by the Republicans. We gave them some amendments to be offered. We were, I thought, very, very gracious in this bill.

Mr. Speaker, obviously we have concerns and needs of our own that we have to be concerned about on our side of the aisle.

□ 1220

I think, quite frankly, that this is a fair bill, a fair rule, and I am going to have to protect the concerns and the interests of our Members also on this, and I am going to object at this time.

The SPEAKER pro tempore (Mr. FRANK). Objection is heard.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, DC.
July 21, 1989.

Hon. THOMAS S. FOLEY,
The Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5 of Rule III of the Rules of the House of Representatives, I have the honor to transmit a sealed envelope received from the White House at 4:35 p.m. on Friday, July 21, 1989, and said to contain a message from the President whereby he transmits draft legislation entitled "The Clean Air Act Amendments of 1989," a section-by-section analysis of the proposed legislation, and an errata sheet to the draft legislation.

With great respect, I am,
Sincerely yours,

DONNALD K. ANDERSON,
Clerk, House of Representatives.

CLEAN AIR ACT AMENDMENTS OF 1989—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 101-87)

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

(For message, see proceedings of the Senate of today, Monday, July 24, 1989.)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair desires to announce that pursuant to clause 4 of rule I, the Speaker signed the following enrolled Senate joint resolutions on Friday, July 21, 1989:

S.J. Res. 85. Joint resolution to designate the week of July 24 to July 30, 1989, as the "National Week of Recognition and Remembrance for Those Who Served in the Korean war"; and

S.J. Res. 142. Joint resolution designating the week beginning July 23, 1989, as "Lyme Disease Awareness Week."

PROVIDING FOR CONSIDERATION OF H.R. 2461, NATIONAL DEFENSE AUTHORIZATION ACT, FISCAL YEAR 1990

Mr. BONIOR. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 211 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 211

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2461) to authorize appropriations for fiscal years 1990 and 1991 for military functions of the Department of Defense and to prescribe military personnel levels for such Department for fiscal years 1990 and 1991, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and which shall not exceed two hours, to be equally divided and controlled by the chair-

man and ranking minority member of the Committee on Armed Services, the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Armed Services now printed in the reported bill as an original bill for the purpose of amendment under the five-minute rule, said substitute shall be considered as having been read and all points of order against said substitute for failure to comply with the provisions of section 302(f) of the Congressional Budget Act of 1974, as amended (Public Law 93-344, as amended by Public Law 99-177), clause 7 of rule XVI and clause 5(a) of rule XXI are hereby waived. No amendment to said substitute shall be in order except the amendments designated in the report of the Committee on Rules accompanying this resolution. Said amendments shall be considered only in the order and in the manner specified, and shall be considered as having been read when offered. Each amendment, except those in part two of the report of the Committee on Rules, may only be offered by the Member designated for such amendment in the report of the Committee on Rules, or this resolution, or his designee. Debate on each of said amendments shall not exceed the time designated in said report, to be equally divided and controlled between the proponent and an opponent unless specified otherwise by this resolution or in the report of the Committee on Rules. All points of order are waived against the amendments contained in the report of the Committee on Rules. No amendment shall be subject to amendment except as specified in this resolution or in the report of the Committee on Rules, or be subject to a demand for a division of the question in the House or in the Committee of the Whole. Any period of general debate specified by this resolution shall be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services.

SEC. 2. It shall be in order to consider the amendments contained in the report of the Committee on Rules accompanying this resolution as follows:

(1) When the Committee of the Whole begins consideration of amendments to H.R. 2461 on Tuesday, July 25, 1989, it shall then be in order to debate the subject matter of the Strategic Defense Initiative (SDI) for not to exceed sixty minutes. It shall then be in order to consider the amendments relating to SDI printed in part one of the report of the Committee on Rules in the following order: (A) by Representative Kyl of Arizona; (B) by Representatives Dellums or Boxer of California; and (C) by Representative Bennett of Florida. If more than one of said amendments is adopted, only the last such amendment which is adopted shall be considered as finally adopted and reported back to the House. Following disposition of said amendments, it shall then be in order to consider the amendments relating to SDI add-backs printed in part one of the report of the Committee on Rules in the following order: (A) by Representative Bennett of Florida; (B) by Representative Spratt of South Carolina; and (C) by Representative Mavroules of Massachusetts. Following disposition of said amendments, it shall be in order to consider the amendments relating to burdensharing printed in part one of the report of the Committee on Rules in the following order: (A) by Representative Schroeder of Colorado; and (B) by Representative Ireland of Florida. Following disposition of said amendments, it shall be in order to begin consideration of amendments printed in part two of the report of the Committee on Rules, in the order and in the manner provided for in said section and subject to the provisions of paragraphs (4) and (5) of this section. The chairman of the Committee of the Whole, at his discretion, may continue to recognize proponents of amendments printed in part two of the report of the Committee on Rules. After disposition of such amendments printed in part two, it shall be in order to consider the amendment relating to procurement alternatives printed in part one of the report of the Committee on Rules if offered by Representative Dickinson of Alabama. Only if the amendment offered by Representative Dickinson of Alabama is agreed to, shall it be in order to consider the amendment printed in part one of the report of the Committee on Rules by Representative Weldon of Pennsylvania.

(2) After the Committee of the Whole rises on the legislative day of Tuesday, July 25, 1989, and resumes its sitting on H.R. 2461 on Wednesday, July 26, 1989, it shall be in order to consider the amendments relating to the B-2 Bomber printed in part one of the report of the Committee on Rules: by Representative Aspin of Wisconsin or Representative Synar of Oklahoma, which shall be subject to an amendment offered by Representative Skelton of Missouri and to a substitute offered by Representative Kasich of Ohio, Representative Dellums of California, or Representative Rowland of Connecticut. Each of said amendments relating to the B-2 Bomber shall be debatable for not to exceed forty minutes, to be controlled by the proponent. All three amendments relating to the B-2 Bomber shall be pending prior to the beginning of debate on any of them. Following disposition of said amendments, it shall be in order to consider the amendments relating to intercontinental ballistic missiles (ICBMs) printed in part one of the report of the Committee on Rules in the following order: (A) by Representative Dellums of California; (B) by Representative Hertel of Michigan; (C) by Representative Frank of Massachusetts; (D) by Representative Spratt of South Carolina; and (E) by Representative Mavroules of Massachusetts. It shall then be in order to resume consideration of the amendments printed in part two of the report of the Committee on Rules, subject to the provisions of paragraphs (4) and (5) of this section.

(3) After the Committee of the Whole rises on the legislative day of Wednesday, July 26, 1989, and resumes its sitting on H.R. 2461 on Thursday, July 27, 1989, further consideration of the amendments printed in part two of the report of the Committee on Rules accompanying this resolution shall be suspended. It shall then be in order to consider the amendment relating to plutonium production printed in part one of the report of the Committee on Rules by Representative Wyden of Oregon. Following disposition of said amendment, it shall be in order to consider the amendment relating to anti-satellite weapons printed in part one of the report of the Committee on Rules by Representative Brown of California. Following disposition of said amendment, it shall be in order to consider the amendment relating to nuclear test-ban printed in part one of the report of the Committee on Rules by Representative Markey of Massachusetts. Following disposition of said amendment, it shall then be in order to consider the amendments relating to chemical weapons printed in part one of the report of the Committee on Rules in the following order: (A) by Representative Owens of Utah, Representative Aspin of Wisconsin, or Representative Fascell of Florida; and (B) by Representatives Porter of Illinois or Roukema of New Jersey. Following disposition of said amendments, it shall be in order to consider the amendments relating to small disadvantaged businesses printed in part one of the report of the Committee on Rules by Representative Mavroules of Massachusetts. Following disposition of said amendment, it shall then be in order to consider the amendment relating to the Davis-Bacon Act printed in part one of the report of the Committee on Rules if offered by Representative Stenholm of Texas, which may be subject to a substitute if offered by Representative Murphy of Pennsylvania. Debate on said amendment and substitute shall be equally divided and controlled by Representatives Stenholm and Murphy, and shall begin after both amendments relating to the Davis-Bacon Act are pending. Following disposition of said amendments, it shall be in order to debate the subject matter of outlay ceilings for not to exceed forty minutes. It shall then be in order to consider the amendments relating to outlay ceilings printed in part four of the report of the Committee on Rules in the following order: (A) the two amendments by Representative Aspin of Wisconsin; and (B) by Representative Frenzel of Minnesota. Notwithstanding any rule of the House, Representative Aspin of Wisconsin, after giving one hour notice and after consultation with the ranking minority member of the Committee on Armed Services, may offer a germane amendment to any of the amendments printed in part four of the report of the Committee on Rules, to be debatable for not to exceed fifteen minutes, equally divided and controlled by the proponent and a Member opposed thereto. Following disposition of said amendments, it shall then be in order to resume consideration of amendments printed in part two of the report of the Committee on Rules, subject to the provisions of paragraphs (4) and (5) of this section.

(4) Notwithstanding any provision of this resolution, it shall be in order for the chairman of the Committee on Armed Services, or his designee, at any time to offer en bloc amendments, including modifications in the text of any amendment which are germane thereto, printed in parts two or three of the report of the Committee on Rules. Such amendments en bloc shall be considered as having been read and shall not be subject to amendment or to a demand for a division of the question in the House or in the Committee of the Whole. Such amendments en bloc shall be debatable for not to exceed sixty minutes, equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services. The original proponents of the amendments offered en bloc shall have permission to insert statements in the Congressional Record immediately before disposition of the amendments en bloc.

(5) The chairman of the Committee of the Whole, at his discretion, may postpone recorded votes, if ordered, on any first degree amendment until a designated point later that legislative day or until the next legislative day. The Chair may reduce to a minimum of five minutes the period of time within which a recorded vote, if ordered, may be taken on all said amendments following the first vote in a series.

(6) If the Committee of the Whole does not complete consideration of any amendment printed in part one or two of the report of the Committee on Rules, it shall be in order on any subsequent legislative day for the chairman of the Committee on Armed Services, after giving at least one hour notice, and after consultation with the ranking minority member of that committee, to request the Chair to recognize the proponent of such amendments and the Chair may recognize the proponents of such amendments in accordance with that notice notwithstanding the order of amendments otherwise specified in such report. If the chairman of the Committee on Armed Services does not give such notice or make such request, the amendments may be offered by their proponents following the disposition of all other amendments contained in part two of the report of the Committee on Rules accompanying this resolution. The proponent of any amendment printed in part three of the report of the Committee on Rules not considered in the order specified by this resolution may offer that amendment at the conclusion of consideration of all other amendments printed in part two of the report of the Committee on Rules.

SEC. 3. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. It shall be in order to debate any motion to recommit with instructions for one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services.

□ 1230

The SPEAKER pro tempore (Mr. FRANK). The gentleman from Michigan [Mr. BONIOR] is recognized for 1 hour.

Mr. BONIOR. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentlewoman from Illinois [Mrs. MARTIN] pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 211 is a modified closed rule providing for the consideration of H.R. 2461, a bill to authorize appropriations for fiscal years 1990 and 1991 for the Department of Defense. H.R. 2461 directs our Nation's security policy, and includes compensation for our Armed Forces.

The rule provides for 2 hours of general debate, equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, and makes in order the amendment in the nature of a substitute recommended by the Committee on Armed Services as original text for the purpose of amendment under the 5-minute rule.

The rule waives section 302(f) of the Congressional Budget Act for the pay raise, clause 7 of rule 16 prohibiting nongermane amendments, and clause 5(A) of rule 21 against consideration of the amendment in the nature of a substitute covering appropriations on a legislative bill.

No amendments to the substitute are to be in order except for amendments printed in the report of the Committee on Rules on the resolution. The amendments are to be considered only in the order and in the manner specified in the report and are to be considered as read when offered.

The rule waives all points of order against amendments printed in the report and provides that none of the amendments are subject to amendment except as otherwise specified. The amendments are not to be subject to a demand for a division of the question. It is in order for the chairman of the Armed Services Committee, or his designee, to offer en bloc amendments, including germane modifications, printed in parts 2 or 3 of the report accompanying this resolution. Each set of en bloc amendments is debatable for 1 hour, equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services. The en bloc amendments are not subject to amendment or to a demand for a division of the question in the House or in Committee of the Whole.

The rule also provides that it is in order to postpone recorded votes, if ordered, on any first degree amendment until the conclusion of debate on all said amendments considered on a particular legislative day, or on a particular subject matter, or until the next legislative day. The votes may be reduced to 5 minutes, after the first 15-minute vote.

The rule also provides that if consideration of any amendment printed in parts 1, 2, or 3 of the report is not completed, the proponent of the amendment may be recognized by the Chair, after 1 hour's notification by the chairman of the Armed Services Committee, to offer the amendment at a subsequent time.

The amendments are in order notwithstanding the order of amendments otherwise specified in the report. If the chairman of the Committee on Armed Services does not give notice to the Chair or make a request for recognition, the proponent of any such amendment may offer the amendment following the disposition of all other amendments contained in part 2 of the report.

Finally, the rule provides for one motion to recommit with instructions that is debatable for up to 1 hour with the time equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services.

Mr. Speaker, this may well be the most complex rule of any legislation considered on the floor in this session. The rule has been structured to allow the maximum number of amendments to be considered in the most orderly manner possible; 218 amendments were filed with the Rules Committee; 90 have been made in order under this rule.

It was the leadership's desire that to the greatest degree possible the rule be structured in such a way that Members know in advance when amendments will be considered, and when votes can be expected. While the House will be in session from 9 a.m. to at least 9 p.m. Tuesday through Thursday, we have tried to reserve the dinner hour for debate only to provide some relief from the heavy workload.

Votes will be rolled together in suspension-like fashion in the evening when Members return.

Amendments to H.R. 2461 have been divided in importance. Consideration of major policy questions such as SDI, B-2, and arms control will be stretched out over each of the days set aside for the bill. The debate time and order of amendments is listed in the report of the Rules Committee. The amendments listed in section 2 will be debated every evening over the dinner hour, 5 minutes on each side. Remaining noncontroversial issues will be considered en bloc. Members are urged to place as many amendments as possible in the en bloc category. It is our firm goal to complete consideration of this bill Thursday evening according to schedule.

Mr. Speaker, we face a historic moment in considering our Nation's defense budget. The budget constraints we are under force us to make tough choices. This bill, like last year's, authorizes the same total dollars as the administration request, and will be consistent with the budget summit agreement. Tough choices have been made in committee; tougher choices will have to be made on the floor. We need a strong defense. But at this time we must redefine what national security means, and match this demand with competing domestic priorities.

Moreover, changes in the Soviet Union and its perceived threat are forcing us to reexamine our most basic strategic assumptions of the last 40 years.

Just last week the former chief of the Soviet Armed Forces made an unprecedented appearance at the House Armed Services Committee and will meet with the President this week. No one knows where these changes will lead, but they bear close examination.

Both the Reagan and Bush administrations have proposed spending billions for star wars, but have left unfunded the war against drugs. But Americans today are increasingly aware that the threat from drugs,

crime, and foreign competition can be as dangerous as any threat from the Soviet Union.

During debate on H.R. 2461, three amendments will be offered to add back funds cut from the star wars budget to fight the war against drugs, to clean up DOD nuclear facilities, and to beef up our conventional forces.

These amendments reflect America's priorities. Every day, 5 to 10 illegal drug smuggling flights invade our air space, and 30 to 50 illegal ships land on our shores.

Last year, Congress took the lead in establishing a new role for the military and the National Guard in the drug interdiction fight. Yet the President's budget contained no funds for this purpose. The Mavroules amendment will add $450 million to the military's fight against drugs.

This legislation takes into account the fact that economic competitiveness is a critical ingredient in national security. Basic research breeds both civilian and military invention, and makes our Nation more competitive. Yet today we spend only half the dollars we invested in 1965 in basic military technology. H.R. 2461 adds $400 million to our military technology base to put America ahead of our competitors.

Mr. Speaker, we must stop drug smugglers from invading our homes and our communities. We must clean up our environment, protect our families, and take care of our elderly. And we must ensure that the scare dollars we spend for our Nation's defense give us the best equipment money can buy. H.R. 2461 helps us balance these competing priorities.

Mr. Speaker, House Resolution 211 is an eminently fair rule providing for open and full discussion of a bill essential to our Nation's security. To my knowledge, it has the support of the minority. I urge the adoption of House Resolution 211 so we may proceed to consideration of this legislation.

□ 1240

Mr. Speaker, I yield to my friend, the gentleman from California [Mr. DELLUMS].

Mr. DELLUMS. Mr. Speaker, I thank my colleague for yielding, and I would like to simply say to him, I do not believe I have ever risen and taken the well of the House at any time in the last 18½ years to oppose a rule, but I would like to make a few observations here at this point.

I do not mind the gentleman being emotional about it. This is a very serious issue, and I feel equally as emotional. I do not suggest they are not good amendments that are being offered on the floor of this Congress. I am offering some of them, amendments to end the B-1, to stop star wars, but notwithstanding that, I make this observation: The Member cannot say to me straight-faced that this rule is not designed on the basis of efficiency and not substantive, and that is clear. I think it is an insult to the American people that we are talking about a $300 billion budget, where on a number of amendments, there are only 5 minutes to discuss it, 2 hours general debate. When we meet on Monday, the Members will probably be talking to themselves at a time when the world is changing, when we ought to be talking about the issues of peace and nuclear disarmament in a very substantive and profound way. We find ourselves with an efficient rule that will allow Members to take care of this matter very quickly, but not very substantively. Finally, if the gentleman will yield further, I have to compliment the Committee on Rules on this, Members have come to grips with the harsh reality, and that is why in my point I say to the gentleman from Michigan [Mr. BONIOR], is not a criticism of the Committee on Rules, the Members have come to grips with the reality that the defense authorization bill is not written in the committee, it is not written on the floor of Congress, it is written in conference.

□ 1250

So what this rule simply recognizes is, let us bring it to the floor, let us get the debate ended as quickly as possible, because this bill is really going to be written when the House and Senate sit down in the secret room upstairs, and for the most part the majority of the Members of Congress will have nothing to do with shaping the defense policy of this country, because we, for 2 weeks after we efficiently move this bill through the floor, will be sitting down and wheeling and dealing over who buys what number of planes or what bombers and what weapons.

Mr. BONIOR. Mr. Speaker, I reclaim my time at this point.

Mr. DELLUMS. The gentleman does not have to do that. I would yield to him.

Mr. BONIOR. The gentleman does not have the time to yield. It is my time.

The SPEAKER pro tempore (Mr. FRANK). The gentleman from Michigan [Mr. BONIOR] has the time.

Mr. BONIOR. Mr. Speaker, we are now faced with this reality on the floor of the House: We have worked on the rule for a week. The rule came out of the Committee on Rules last Friday with the support of the minority. No one told this member or any other member of the Committee on Rules that the minority was going to oppose this rule or that certain members of the minority were going to oppose this rule.

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. BONIOR. I will not yield at this time. I will not yield.

I had no knowledge of that until I got to the floor.

The second reality is that we have taken care of the gentleman from California. We have provided the gentleman from California more opportunities in this rule than any other member of the majority or the minority, and now, without the courtesy of letting this Member from Michigan know he is opposed to the rule, he comes to the floor and objects. I would have appreciated knowing this before we got to the floor this afternoon.

Mr. DELLUMS. Mr. Speaker, will the gentleman yield?

Mr. BONIOR. Not at this point.

So we are in a dilemma.

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. BONIOR. I will not yield at this point.

Mr. SOLOMON. Will the gentleman yield at any point?

The SPEAKER pro tempore. The gentleman from Michigan [Mr. BONIOR] has the time, and the gentleman does not yield.

Mr. BONIOR. Mr. Speaker, we are in the dilemma now of having factions on the right and the left oppose this rule. We have asked Members to come back to discuss this rule to proceed on this very important bill.

I would just say to my colleagues that I do not know what kind of a rule we are going to get out of the Rules Committee if this rule goes down. I do not know if the gentleman from California [Mr. DELLUMS] will be positioned as well as he is in the debate on the important amendment which he will offer and which I will support. I do not know if the gentleman from Alabama [Mr. DICKINSON] will be able to offer his AHEP amendment and others he has suggested, but I would suggest to the Chair and I would suggest to my colleagues that it is important for them to be fair with us. When is people's word good around here? That is what I want to know. When we get to the floor, 5 minutes before we vote?

Mr. SOLOMON. Mr. Speaker, will the gentleman respectfully yield?

Mr. BONIOR. We have tried to be fair with the members on the minority side, and we have tried to be fair with the Members on our side of the aisle. We have put together a rule, and all of a sudden Members decide that if their little thing is not taken care of, they are going to blow the whole thing up.

We had 218 amendments, Mr. Speaker. We have taken care of 65 percent of the Republicans, and we have taken care of my friend, the gentleman from California, by giving him probably more amendments than any other Member of this House.

Mr. SOLOMON. Mr. Speaker, will my friend respectfully yield?

Mr. DELLUMS. Mr. Speaker, will the gentleman yield?

The SPEAKER pro tempore. The gentleman from Michigan [Mr. BONIOR] has 12 minutes remaining.

Mr. BONIOR. I yield to my friend, the gentleman from California [Mr. DELLUMS].

Mr. DELLUMS. Mr. Speaker, I thank the gentleman for yielding, and I appreciate my colleagues' impassioned speech. I simply say that these are not personal matters. This is not about RON DELLUMS or DAVE BONIOR. This is about the national security of this country. It is about our ability to provide this country's national security.

Mr. BONIOR. If it is about the national security of this country, why did the gentleman not call me this weekend and say he was disappointed with the rule?

Mr. DELLUMS. You did not bring the rule out until today.

Mr. BONIOR. If you were so interested in the rule and this debate, why were you not tracking the rule? You knew darned well what was in the rule this weekend. I did not get a call or a courtesy call from you on this. So do not tell me about the national security interests of this country or the gentleman's concern about this.

Mr. SOLOMON. Mr. Speaker, will the gentleman please yield?

Mr. BONIOR. I yield to my friend, the gentleman from New York.

Mr. SOLOMON. Mr. Speaker, let me just say that we are going to try to calm down here. The gentleman from Michigan is one of the most respected and most able members of the Committee on Rules and of this body, and I do not want to take up his time, but let me just say that if he reads the transcript, he knows—and I would ask him to go back and recall the meeting of the Rules Committee—that when negotiations broke down at the very last minute on one of the most crucial issues, the B-2 bomber, those members present on the Republican side said to the gentleman, "We will not hold up the workings of this House; we will vote to put this rule on the floor so we can argue the rule there, but we will not be committed to supporting or arguing in favor of the rule."

That is in the transcript. Maybe the gentleman was not on the floor of the Rules Committee at the time, but that is what is contained in this transcript. I would not argue it further except to say that we are going to try to defeat the rule, as we said we might do in the Rules Committee, and I hope we have every Republican vote and a lot of Democratic votes so that this Congress can work its will on the bill. Otherwise I do respect the gentleman's right to make the statements he is making.

Mr. BONIOR. Mr. Speaker, I reserve the balance of my time.

Mrs. MARTIN of Illinois. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, first of all, if I might say this to the gentleman from Michigan just for a moment, the gentleman brought up the matter of courtesy, and I hope this Member would always be courteous to another Member. The gentleman will find that I flew in this morning, and when I got here, the gentleman will find there was a phone call made to his office and to Chairman MOAKLEY's office, trying to notify them of what this Member would be doing in leading the rule on the floor. I just wanted the gentleman to know this because he said no one talked to him before he reached the floor. I did try to reach the gentleman and Chairman MOAKLEY in case there would be any questions, and I just wanted him to know that as a courtesy, I would always do that.

Mr. BONIOR. Mr. Speaker, if the gentlewoman will yield, I appreciate that, and I stand corrected, since the gentlewoman did initiate a call.

Mrs. MARTIN of Illinois. Mr. Speaker, I am sorry we have not been able to work this out, too. There is no question about the hard work involved.

Mr. Speaker, House Resolution 211 is a modified closed rule providing for the consideration of H.R. 2461, the Department of Defense authorization bill for fiscal years 1990 and 1991.

The rule provides for 2 hours of general debate to be controlled equally by the Armed Services Committee chairman and ranking Republican member. That debate is scheduled to take place today following the adoption of some rule. The House will then proceed on Tuesday through Thursday of this week to consider amendments to the bill. The committee amendment in the nature of a substitute is made in order as original text for the purpose of amendment.

The rule waives three points of order against the committee amendment in the nature of a substitute: First, section 302(f) of the Budget Act which prohibits amendments which exceed a committee's allocation under the Budget resolution; and second, clause 5(a) of rule XXI of the House which prohibits appropriations in an authorization bill.

These two waivers are necessary because of provisions in the bill.

Next, the rule waives the germaneness rule against the committee substitute. This is necessary because the substitute goes beyond the scope of the introduced bill by adding the military construction and Department of Energy national security titles to the bill.

Mr. Speaker, as I mentioned, this is a modified closed rule: Only amendments specifically made in order by the Rules Committee, and published in the report on this rule shall be in order for consideration, in the order and manner specified in the report. The rule waives all points of order against the amendments, and they are not subject to further amendment unless specifically provided for in the rule. All told, Mr. Speaker, by my count some 87 amendments have been made in order by this rule out of some 218 that were submitted to the committee.

Mr. Speaker, by my count Republicans submitted 77 of those 218 amendments, or 35 percent of the total; and 24 of those Republican amendments were made in order under this rule—some 27 percent of the total amendments made in order. I make this point simply for the sake of pointing out that there was not a strong or heavily skewed partisan bias in determining the do's and don'ts, although there obviously were some and some political considerations at play in some of the selections.

It would be stretching things too far to say this is a perfectly balanced and fair rule because it is not. But it might be more realistic to observe that this is a finite Congress with only so much time in which to accomplish a great deal of work. And that more than anything is the reason it was found necessary to in some way limit the amendment process.

The chairman of the Armed Services Committee requested 10 amendments and is allowed to offer 9 under this rule. So don't let anybody tell you chairmen have lost their clout around here.

Our ranking Republican member, on the other hand [Mr. DICKINSON], had asked for eight amendments to be made in order and only got three. In fact, a fourth amendment was pulled out from under him during the final Rules Committee markup on this rule because there was a misunderstanding on the majority side as to what that amendment contained. I think that was most regrettable and unfair to our ranking member, and I understand and share his disappointment.

Nevertheless, Mr. Speaker, despite that disappointment and the unfairness that exists anytime we restrict our rules, I think the chairman and the ranking member of the Committee on Armed Services are to be commended for doing a fairly good job in working with the Rules Committee in fashioning a rule under difficult and occasionally heated circumstances. I would especially commend the chairman of the Rules Committee, the gentleman from Massachusetts [Mr. MOAKLEY], on being fair to most concerned, and I commend my Rules Committee colleagues on working together on a bipartisan fashion on much of the rule.

□ 1300

I also want to commend the Rules Committee staff. They performed cooly and professionally under fire.

As a former member of the Armed Services Committee myself, I can attest to the complexity, controversy and confusion involved in trying to grapple with such a variety of major and minor issues. If you review the amendments, you can see they range from the MX, SDI, B-2, Davis-Bacon, military pay, uniforms, and military land transfers. And believe me, everything is a major issue if it involves you, your districts or your constituents.

Mr. Speaker, I do not want to take the time of the Members of describing this rule in detail, since it has already been read in full and explained once by the distinguished gentleman from Michigan [Mr. BONIOR]; however, I do want to point out the rules establishes four classes of amendments. The first class, contained in part 1 reports and consists of the major issue areas and issue options on such matters as SDI, B-2 and MX.

The second class, found in part 2, consists of 33 amendments. These will be taken up each day after the part 1 amendments are disposed of.

The third class of amendments are less controversial and are 25 in number. They may be offered en bloc by the Armed Services Committee chairman as may any part 2 amendments.

Finally, there are 3 budget-related amendments in part 4 of the report.

A unique aspect of this rule is the discretion given to the chairman of the Committee of the Whole to delay and cluster votes on the first degree amendments.

One of the things the rule does not do is allow separate votes on the B-22 and F-14. It is the House at its usual worst.

We will all give speeches on why we must cut defense, but we will make sure we protect weapons systems in congressional districts by bundling them. Then enough people are protected to give these systems the Federal equivalent of eternal fire.

And how do we change it? Well, this time it is easy. Vote no on the previous question and then a new rule. It is complicated. It is probably not good campaign drama, but we should do it. Then we can create a rule that will, I believe, encompass what is best in the old rule and what is good for the new.

Mr. Speaker, in conclusion, this rule is not a work of art. This is not even quite politics as the are of compromise. You will not want to hang this on your wall at home, and it does not deserve to be hanging around the wall of the House in its present condition. Let us send it back to the artist for a little re-touching that will give us a better balanced picture.

Vote no on the previous question. Then we can create a true image for the Department of Defense.

Mr. BONIOR. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. SKELTON].

Mr. SKELTON. Mr. Speaker, I appreciate the gentleman from Michigan yielding time at this moment.

I wish to discuss the rule and one part of its ramifications, if I may, and so that the gentleman from Michigan will not feel all alone today, I tell him at this juncture that I intend to support the rule. I wish to discuss in a moment a detail of a portion thereof.

Mr. Speaker, I refer to the portion that is scheduled for Wednesday, the first item of business, and that is the item dealing with the Stealth, that is the B-2 bomber. I understand and recall, the President by way of his Secretary of Defense made a request of this Congress for the B-2 bomber to be authorized at a level of $4.7 billion, $2 billion for research and development and $2.7 for production.

The Armed Services Committee after a rather lengthy discussion and votes reduced that $4.7 billion figure down to $3.9 billion, an $18 million cut, $300 million coming from research and development and $500 million coming from the procurement funds and, of course, the bill comes to the floor in this fashion, together with some restrictive language which I know during the debate will be discussed and mentioned at length.

There are 3 amendments to this section of the bill, the Aspin-Synar amendment which restructures the B-2 program and cuts it back significantly; the Skelton amendment, that is my amendment, which adopts the figures of $3.9 billion of the committee, some of its restrictive language, plus additional restrictive language and certification.

I have attempted that the Skelton amendment be a compromise to this situation.

The third amendment is the Kasich-Dellums-Rowland substitute for Aspin. It in essence terminates the program.

Mr. Speaker, I would like at this point to inquire of the gentleman from Michigan as to the manner in which these amendments are to be handled and voted upon.

Mr. BONIOR. Mr. Speaker, if the gentleman will yield, I thank my colleague for inquiring on this important decision that will be made on Wednesday.

Each of the amendments, I would tell my friend, the gentleman from Missouri, will be debated for 40 minutes.

The Aspin-Synar amendment is to be the base amendment and the amendment of the gentleman from Missouri would be debated for 40 minutes, after which if he prevailed would be the base. If he did not prevail, then we would go in any event to the Kasich-Dellums-Rowland amendment, which would be debated for 40 minutes. If that prevailed, that would become the base amendment.

The upshot of my comments is that everyone will get a clean and a fair shake at restructuring or terminating or whatever the B-2 program.

Mr. SKELTON. Mr. Speaker, as I understand it, the first vote would be on the Skelton amendment, that is, my amendment.

Mr. BONIOR. If the gentleman will yield, that is correct.

Mr. SKELTON. Which would be an amendment to the Aspin-Synar amendment.

Mr. BONIOR. That is correct.

Mr. SKELTON. If that prevails, then there would be a substitute by the Kasich-Dellums-Rowland amendment, is that correct?

Mr. BONIOR. That is correct.

Mr. SKELTON. If that fails, then the Skelton amendment, which as I mentioned in my hypothetical question, prevailed, would in essence be the B-2 structure.

Mr. BONIOR. It would prevail, but at that point there would also be another motion to vote on.

Mr. SKELTON. So we would have to vote on it again.

Mr. BONIOR. It is possible.

Mr. SKELTON. Because it would then be the base.

Mr. BONIOR. That is correct.

Mr. SKELTON. Mr. Speaker, I thank the gentleman from Michigan.

I might say, this is a very difficult rule. Historically, we spent untold days, I think at one point some 2 weeks, the entire 2 weeks on this.

The SPEAKER pro tempore. The time of the gentleman from Missouri has expired.

Mr. BONIOR. Mr. Speaker, I yield as much time as he may consume to the gentleman from Missouri.

Mr. SKELTON. There are some 218 amendments, some 70 being granted, and I know it is a very difficult task.

I speak in favor and I will speak in favor of the Skelton amendment which supports the B-2 program basically in the committee structure, with additional restrictions.

In its primary role, the B-2 renders obsolete approximately $350 billion of Soviet investment in air defenses. The combination of the manned penetrating bombers that we have, including the B-2, will prevent the Soviet Union from concentrating all its defense efforts in a single threat. Stealth technology incorporated in the B-2 will force the Soviet defense establishment to devote more time of its military resources to air defense. It is better to have the Soviets spending their money on defense, rather than offense.

Mr. DREIER of California. Mr. Speaker, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from California.

Mr. DREIER of California. Mr. Speaker, I thank my friend for yielding to me.

I simply would like to compliment the gentleman on the very balanced approach which he is taking in dealing with this issue.

I know from discussions that I have had with the gentleman that the B-2 program is not built in any way in the gentleman's district. It is in mine as a Californian, but it is very clear that over and above that concern, the triad has been without a doubt the major thrust of our deterrence. There is controversy surrounding the B-2, but it seems to me that the amendment which the gentleman from Missouri is planning to offer is a very balanced approach to dealing with this controversial issue, and I compliment him for that and I urge my colleagues to support that when it comes down; but I have to say that I will join my other Republican colleagues in opposing the rule.

□ 1310

Mr. SKELTON. Mr. Speaker, there is one other item that I would like to mention very briefly, and there will be a great deal of discussion on this, and it is that the importance of the B-2 is in the arms control arena. Arms control provides a strong argument. The current arms control regime between the United States and the Soviet Union favors bombers. Under the START counting rules, the Reykjavik counting rules, the non-cruise-missile bomber counts as only one weapon regardless of the bomb load.

Mrs. MARTIN of Illinois. Mr. Speaker, I yield 5 minutes to a member of the Committee on Rules, the gentleman from New York [Mr. SOLOMON].

Mr. SOLOMON. Mr. Speaker, I rise in opposition to this rule. I do so with a certain sense of disappointment because the proceedings that led to the preparation of this rule started out in a very promising manner. The point needs to be made right here at the outset that Chairman MOAKLEY of the Rules Committee made every effort to include Republicans in the consultations that were involved in writing this rule. I very much appreciate his efforts, and I want to commend him for them.

Unfortunately, however, in this instance, consultations did not translate into consensus. We are dealing today with a rule that is more closed than any other such rule on a Defense Department in my 11 years in Congress. On the one bill that deals most directly with the security and vital national interests of the Nation, the decision has evidently been made to play politics.

We can only speculate on why the mood in the Rules Committee shifted so abruptly from consultation to confrontation. Not being privy to the inner workings of the Democrat high command, I can only try to imagine what the marching orders must have contained. But, in any event, we are stuck with an atrocious rule.

Mr. Speaker, the list goes on and on. Let me cite just a few of the more blatant examples of unfairness in this rule:

On funding for the SDI, the lone Republican amendment being permitted is the first of the king-of-the-hill procedure. No doubt about the outcome hoped for there.

Maybe we Republicans should at least be grateful for the minimum consideration being given on SDI funding, because we were not given anything under SDI add-backs. Three Democrat amendments, and no opportunity for Mr. DICKINSON, the ranking Republican on the Armed Services Committee, to offer a substitute.

The B-2 bomber: Three Democrat amendments and no Dickinson substitute.

ICBM's: Five Democrat amendments and no Dickinson substitute. The Democrats on the Armed Services Committee requested only 3 amendments, but, as long as the rule is going to be so generous, another two cannot hurt.

Mr. BONIOR. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I am happy to yield to the gentleman from Michigan.

Mr. BONIOR. Mr. Speaker, the reason I asked the gentleman to yield is because on the number of this ICBM, they are bipartisan amendments. The gentleman now in the chair, the Speaker pro tempore, has an amendment, but it is being worked together with two other Republicans in a very prominent and forthright fashion. We have done the same thing, and the same thing applies, to a number of other things, the Dellums-Kasich amendment, which is bipartisan, so I wish my colleague would be careful in terms of how he is labeling these amendments. They are, in many instances, very bipartisan in their nature.

Mr. SOLOMON. Mr. Speaker, reclaiming my time, I appreciate the gentleman's opinion. He is entitled to it.

Small business set-asides: One Democrat amendment and no opportunity for Mr. IRELAND and Mr. DREIER to offer their Republican substitute.

Davis-Bacon: Two Democrat amendments and no opportunity for Mr. DELAY to offer his alternative which would have incorporated the recommendations of the Grace Commission.

We could be here all day, Mr. Speaker, there is no need to belabor the point.

But the thing that really bothers me is when the majority turns down Republican amendments on the grounds that the amendment deals with a subject outside the jurisdiction of the committee managing the bill. But does this argument hold water when the Rules Committee turns around and makes in order an amendment on plutonium production? That is a foreign affairs issue, an arms control issue, not an Armed Services Committee issue.

This rule is so stacked that even the one good thing about it is mitigated later on, namely the Cheney budget. Mr. DICKINSON will be permitted to offer an amendment on establishing the Cheney budget, but if that amendment fails, his playing field for striking the F-14, V-22, and National Guard provisions in the bill will be reduced essentially to the sidelines. The rule keeps those three issues, unrelated though they may be, combined into one indivisible package, all the better to play politics with. A separate vote on the merits of each one individually is denied to every Member of this House in spite of pleas by Secretary Cheney and even President Bush.

I just cannot help thinking back to the day our new Speaker assumed his office. After being sworn in, he assured our Republican leader, BOB MICHEL, "I look forward to working with you in a spirit of cooperation and increased consultation as we address the problems facing this House and the Nation."

I hope this rule is not an example of what he meant.

And so, Mr. Speaker, I am constrained to oppose this rule. I regret that the process which had started out in such a positive manner eventually led to this result. That certainly is not the fault of Chairman MOAKLEY, and again I commend his willingness to work with Republicans in the interest of getting a fair rule.

But something has gone wrong somewhere, and it does not bode well for future cooperation in this House.

I urge defeat of this closed rule.

Mrs. MARTIN of Illinois. Mr. Speaker, I yield 6 minutes to the gentleman from Michigan [Mr. BROOMFIELD], the Republican leader on the Committee on Foreign Affairs.

Mr. BROOMFIELD. Mr. Speaker, I first would like to commend the chairman, the gentleman from Wisconsin [Mr. ASPIN], as well as the vice chairman, the gentleman from Alabama [Mr. DICKINSON], for putting into the DOD bill section 1218, my amendment, which concerns the stripping of naval vessels to be used for experimental purposes, which I believe will eliminate some of the incredibly needless Government waste.

Taxpayers want some evidence that Government is careful in spending the defense dollars they are already sending us before they open up their wallets and purses to send more.

Last week, I visited the National Defense Reserve Fleet on the James River in Virginia. Many of the ships in this fleet are used by the Navy for target practice or are sunk as part of the artificial reef program.

What I discovered astounded me. Perfectly good radar and communications equipment, drill presses, lathes, milling machines, kitchen equipment and a lot of other material is being sent to the ocean floor.

America's do-it-yourselfer who spends his Saturday mornings at the hardware store would not believe what is being thrown away. I found a milling machine that could easily be resold to a machine shop. It has an estimated replacement value of $20,000 to $25,000.

I found several steam kettles that are used for cooking soups and stews and boiling hot water. They have a replacement value of roughly $3,000 apiece. I've got to believe that any soup kitchen manager in America would give his eye-teeth for such equipment.

An official report by the Inspector General's office of the Defense Department estimates that more than $17 million worth of property that could have been salvaged is now at the bottom of the sea.

The report also estimates that another $40 million will be lost if efforts are not made to salvage this expensive equipment.

Both the Navy and the Maritime Administration tell me that this equipment is obsolete. If they are thinking of using it on some of our modern naval vessels, they may be right.

But the fact is, the machinery and equipment and much of the steel and copper and brass material on board these ships have value to someone, somewhere.

I saw for myself. A marine contractor came along on the trip. Every time an official from the Navy or from the Maritime Administration assured me that a piece of equipment had no value, the marine contractor would shake his head in disbelief.

Both he and the special investigator from the Department of Defense agree that these ships are floating warehouses of valuable assets. These assets not only could, but should be sold before they are destroyed or sunk.

The whole fleet down there reminds me of an overstuffed attic. What this legislation says is that it's time to start having some-garage sales.

My language provides that before designating any vessel for such uses as target practice, the Navy shall make a good faith effort to strip the vessel of all equipment that will not harm the structural integrity of the ship. It also allows the Navy to employ outside contractors to do the work.

It became apparent to me on this trip that using an outside contractor is the only sensible thing to do. The Navy's mission is to fight wars; a salvager's mission is to find value in second-hand material. No Navy officer, no matter how talented, is going to have the same practiced eye for turning used equipment into dollars.

The money realized by scrapping these ships will be paid into the general fund of the Treasury.

One important outcome of my trip to the James River Fleet was the finding that the biggest culprit here is not the Navy, but the Maritime Administration.

The Navy has agreed to study the feasibility of a pilot program to strip some ships. That's a good start.

But the Maritime Administration seems to be stonewalling. To me, their attitude was typified by the remarks of one of their officials to one of my aides. The official suggested that the reason this valuable equipment is sent to the bottom in the reef program is that some of the artificial reefs are actually underwater museums. The more equipment that goes down with the ships, the more realistic the museums are. I do not know whether his remark was intended seriously or as a bit of cynical humor. But we need specific legislation to overcome the attitudes that have given rise to this situation.

This piece of legislation addresses only those ships that are intended for use in Navy target practice. I plan to introduce legislation that would cover those ships held by the Maritime Administration for use in the artificial reef program.

In light of the numbers being discussed in this bill, tens of millions of dollars may not seem like such a large sum. But whatever the figure, the principle is the same: the Federal Government should be making the most efficient use of the money that the taxpayers are sending us.

America may be the most wealthy nation in the world, but we are not so wealthy that we can afford to dump millions of dollars' worth of sophisticated equipment to the bottom of the ocean.

□ 1320

Mrs. MARTIN of Illinois. Mr. Speaker, I yield 6 minutes to the gentleman from Alabama [Mr. DICKINSON], the ranking member of the Committee on Armed Services.

Mr. DICKINSON. Mr. Speaker, I thank the gentlewoman from Illinois for yielding me this time.

Mr. Speaker, I reluctantly am rising to oppose the rule. I have heard the statement of the very distinguished gentleman from Michigan [Mr. BONIOR] as to what went on in making up the rule, and I have to confess I disagree with the impact and the significance of some of the things that have been done as he described them.

Let me go back a few years, I think it is four budget cycles ago when there were 144 amendments filed with the Rules Committee to be made in order against the defense bill, 144. Of those 144, 143 were made in order. One amendment, my own, as ranking member, was disallowed, because someone on high passed the word down that they did not want that particular amendment to come to the floor. It had to do with Davis-Bacon, and it would offend the interests of organized labor, as the word got to me. So one person in the administration, not on the basis of merit, not on the basis that it was not germane, said that they did not want it to come to the floor. Because the Rules Committee has a 2 to 1 plus 1 majority, they can do whatever they darn well please, and they did.

Until I was able to bring the whole bill to a halt and keep it from coming to the floor for 2 weeks, (we had an impass, because we were toward the end of the legislative year) only the press of time compelled the majority to reconsider and to let my amendment be offered along with everybody else's.

I had hoped that we had ended that type of thing. This was 4 years ago. We now have a new Speaker, and the Speaker comes on, he takes office, and I am excited and pleased because he says we are going to have a different way of doing business. We are going to have a fairness here in the House, an openness; we are going to deal fairly with one another. I assumed that this would permeate the whole structure, including the Rules Committee. I was optimistic, and this is the first time at bat since this has come up.

So it is unfortunate that the Rules Committee is as inextricably intertwined with our defense bill as it is. It is not with other committee bills, but it has grown out of necessity because we have had so many amendments filed against the defense authorization bill; things that should be in here. Things that are really extraneous, foreign affairs matters that normally would come under another committee's jurisdiction. But because of the germaneness rule, it has been considered a part of defense, and this has been used as a sounding board for Members to espouse their political philosophies and ideologies on arms control and all of these other things that really have no place in our bill.

As a result, so many amendments have been filed that we have had to come up with some sort of mechanism to deal with them. As has been pointed out, 217 amendments were filed this year, even in light of the fact that the Rules Committee has required those who want to file amendments, (this is not true in other committees). If they want them to be considered they have

to be filed with the Rules Committee, so then they can sort through and sift through, and make amendments in order, or perhaps lump them according to subject matter, and do away with the proliferation of amendments that would have been offered.

It is for this reason that the Rules Committee has moved into the position of really fashioning the entire defense bill as it comes out of the Armed Services Committee; so they sit in a position of looking over what has been filed and what is being asked for, and then they are the arbiters of what may be offered by way of amendment. Then it gets into who may offer these amendments; this is a very bad situation. It has nothing to do with the merits of the amendments offered; it gets into the politics of it.

I had an amendment, for instance, that would restore $300 million to research and development of the B-2 bomber. I got a message back, informally, that somebody on the committee did not like where the funding was coming from, and if I could come up with an alternative source, my amendment might be allowed in order. This is $300 million for the B-2 bomber, but because someone did not like where the money was coming from, the committee did not make it in order.

This is micromanagement to the *n*th degree. I think the rule is bad.

When the gentleman said I am allowed to offer my amendment on Cheney, I am allowed 10 minutes under the rule for amendment No. 25, if we reach it. But someone who is opposing it is given 40 minutes right after the initial Cheney amendment.

If this is fair, then you have a different scale to measure fairness on from what I do. I think it is arbitrary, unevenhanded, certainly an injustice, and I am going to oppose the rule and I certainly hope it goes down.

Mrs. MARTIN of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. DELAY].

Mr. DELAY. Mr. Speaker, I rise in opposition to the rule. Year after year, the Rules Committee has failed to recognize many valuable and noteworthy amendments that are presented before them. I fully understand the dilemma the committee faces—so many amendments, so little time—but frankly, it seems to this Member that many smaller, yet extremely important, amendments are never getting their time in the spotlight thus tarnishing this unique legislative process.

As an example, for the second year in a row, the Rules Committee has passed over my amendment, an amendment that would greatly enhance the quality of life for our Nation's armed forces. The committee passed over my amendment that would enable the Department of Defense to build more decent housing for our military personnel and their families—easing the current housing crisis. My amendment would enable DOD to build more chapels, child care centers, and recreational centers. My amendment would boost the morale and welfare of our fighting forces.

Yet, the committee passed it over. For the second year in a row, amendments that I, and many other Members, wanted to offer are simply forgotten with a strike of a pencil. Most have spent countless hours—if not years—developing and researching their idea. Yet, the committee just passes them over.

I urge all Members to vote against this rule so we can send it back and have included many of these small, yet extremely important, worthy amendments.

Mrs. MARTIN of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. IRELAND].

Mr. IRELAND. Mr. Speaker, I thank the gentlewoman for yielding time to me. I rise in opposition to the rule.

Mr. Speaker, on Friday, the Rules Committee met to make a determination on a number of amendments under consideration to the Defense authorization bill. One amendment offered by Mr. MAVROULES would extend the DOD section 1207—5 percent minority set-aside program for 3 years. My colleague, DAVID DREIER, and I offered, between us, eight amendments to the Mavroules amendment that if approved would modify the 1207 program to protect all small business, both minority and nonminority owned. Our amendments, all eight of them, were disallowed. The Mavroules amendment was made in order.

Mr. Speaker, the 1207 program was enacted without benefit of hearings or oversight study in either the House Small Business Committee or the House Armed Services Committee. The Mavroules amendment is now allowed on the floor under the same circumstances without benefit of hearings or studies. The Mavroules amendment should not be in order and I intend to speak out against it during floor consideration. The 1207 program has hurt legitimate small business.

Mr. Speaker, our subcommittees and committees of jurisdiction are the appropriate forums to develop and expand upon legislation such as this. The floor of the House is not the place to consider such an amendment with such wide reaching adverse economic consequences. Mr. Speaker, a vote against the Mavroules amendment is a vote for American small business.

□ 1330

The Mavroules amendment is in order. None of our eight amendments is in order.

Section 1207 does great harm, as we will show in the debate, to all of small business.

A vote against the Mavroules amendment will be a vote on behalf of small business across this great country of ours.

Better yet, we should defeat the rule and not consider the Mavroules amendment. It should be considered in the normal process before our Committee on Armed Services and before our Committee on Small Business.

Mrs. MARTIN of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. I thank the gentlewoman for yielding.

Mr. Speaker, we have heard a lot about fairness on this rule. Let me just go through some of the numbers for you. If you look on the back page of the materials distributed by the Committee on Rules, you find on one page four of eight amendments are offered by Democrats. That sounds reasonably fair, that is half.

On the next page 12 of 20 are offered by Democrats. That seems reasonably fair.

Go to the next page, however, you find that 10 of the 14 amendments on that page are offered by Democrats.

We go to the next page, you find 16 of the 19 amendments are offered by Democrats.

Then you go to the major amendments that are offered here and you find out that 22 of the 29 amendments are offered by Democrats.

I would suggest to the gentleman from Michigan who said earlier that the problem is that some of these are cosponsored, all I have done is add up the names of the people who are considered the chief sponsors. It comes out to an overwhelming margin being offered by the Democrats.

All we asked was one thing, to correct some of that imbalance. We asked that Mr. DICKINSON be able to split the vote on the B-22 and the F-14.

The minority leader of the House came to the floor with that request, and the gentleman from Michigan objected.

It seems to me that if we are going to work in fairness around here, we ought to work out some way that the minority at least gets some semblance of fairness when it comes to either the numbers or the procedure.

What we had here earlier today was the minority leader of the House being turned down in his request to do the one thing that we thought would help deal with the imbalance a little bit.

I would have preferred to see the situation worked out a little bit differently.

Mr. BONIOR. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I am glad to yield to the gentleman from Michigan.

Mr. BONIOR. I thank the gentleman for yielding.

I am glad the gentleman pointed out, and correctly, that, you know, you can go over the names on the list that you have but I think it is only fair to point out to the gentleman and to our other colleagues on the floor and those listening that many of these amendments are sponsored jointly by Republicans and Democrats.

Mr. WALKER. If I may reclaim my time, all I said to the gentleman was that I counted those who are listed as the chief sponsors.

The SPEAKER pro tempore (Mr. FRANK). The time of the gentleman from Pennsylvania [Mr. WALKER] has expired.

Mr. BONIOR. Mr. Speaker, may I respond? Do I have time left?

The SPEAKER pro tempore. The gentleman from Michigan [Mr. BONIOR] has 1½ minutes remaining.

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

Mr. Speaker, the other point is we reached an accommodation, just so my friend from Pennsylvania [Mr. WALKER] understands, in the committee with the Republicans. We are led to believe that they—well, they actually voted for the bill in committee—after negotiations, extensive negotiations and caucus—that they were satisfied with the number of amendments made in order on their side of the aisle.

Now with regard to the minority leader—may I have the attention of the gentleman for 1 second—Mr. MICHEL made a request of the Speaker during these negotiations with regard to making in order the Frenzel amendment and having it placed in a certain position.

The Speaker passed his concern down to us at that time and we took care of it.

We thought we had accommodated them at virtually every step of the way one or two exceptions because, quite frankly, we have concerns and we have to accommodate people on our side of the aisle.

We came to the floor—I will not have the time to yield, but the gentleman will have and I would be glad to listen to his response—we came to the floor with a clear understanding that we were going to have the support of the minority and clearly the majority. Obviously I was wrong, I miscalculated, and for that I apologize to the rest of my leadership.

But, you know, one of the things that we pledged and the Speaker pledged when he took the oath of office was fairness. But he also asked that we not be surprised, that we not be surprised. And we in fact are surprised today and somewhat disappointed.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. BONIOR. I am glad to yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

I just want to make the point that I understand from our member of the Committee on Rules, who is standing here, that there was a deal for awhile but it broke down over an amendment. You cannot expect the Republicans to then come to the floor supporting something where the negotiations broke down.

Mrs. MARTIN of Illinois. Mr. Speaker, I yield 30 seconds to the gentleman from New York [Mr. SOLOMON].

Mr. SOLOMON. I would just say, Mr. Speaker, with all due respect to my good friend from Michigan, that there may have been a surprise from someone on his side of the aisle, but there was no surprise from this side of the aisle.

The gentleman knows that Mr. DICKINSON's amendment, which had been agreed to by all of us in the committee, both in caucus and out on the floor, was then withdrawn because of a problem we had with one member of the Committee on Rules; the whole deal fell through.

That is why I said I would not hold up the workings of the committee, we would let the rule go to the floor, but that we would not be guaranteeing that we would support it.

Mrs. MARTIN of Illinois. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, in conclusion, we are urging defeat of the previous question so that we may offer a further amendment to this rule that will restore a sense of balance and fairness to the process. It will retain what is good in this rule which the gentleman from Michigan is showing such support for and understandable support. It will add to it in ways that I think the entire House will benefit, not in a partisan way but in a call for fairness. We would ask to go through a relatively complicated procedure of defeating the previous question so that that rule may be offered.

That is not a surprise, it is not meant to be a surprise for Members. It is meant so this House could function and so we could move on with listening to the very extraordinary debate that will occur this week on the Department of Defense bill.

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

The SPEAKER pro tempore. All time has expired.

Mr. WALKER. Mr. Speaker, it is with real pleasure that I move the previous question on the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken and the Speaker pro tempore announced that the "ayes" appeared to have it.

Mrs. MARTIN of Illinois. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I, and also to the discussions that took place earlier today, further proceedings on this matter will be postponed until 4:30 p.m.

No further legislative business will transpire before approximately 4:30, pursuant to the discussion of the leadership.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The Chair will now take unanimous-consent requests or special orders.

Are there unanimous-consent requests?

ORDER OF BUSINESS

Mr. SKELTON. Mr. Speaker, I ask unanimous consent that my special order, which will be requested in a few moments from now, be changed to follow the special order of the gentlewoman from Maryland [Mrs. BENTLEY].

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

There was no objection.

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ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. FRANK). The Chair would remind Members the House will now proceed to special orders. At approximately 4:30 the House will resume proceedings at the point which they were interrupted. An objection of no quorum was raised to the vote on the previous question on the rule, and at 4:30 the House will resume on that question de novo.

We will now proceed to special orders.

THE SKELTON AMENDMENT COMPROMISE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri [Mr. SKELTON] is recognized for 60 minutes.

Mr. SKELTON. Mr. Speaker, I specially appreciate the courtesy of the gentleman from Washington and the others on my side of the aisle who were kind enough to allow my special order to precede theirs.

I speak today on an issue that will come before us Wednesday, and this deals with the all-important strategic decision that we will make in this Congress concerning the B-2 bomber program. I will have an amendment which is made germane and appropriate

under this rule, the Skelton amendment, which I have attempted to make as a compromise approach to this issue. The Skelton amendment is one that adopts the committee funding level, adopts the committee restrictive fencing language, and adds additional restrictive language requiring a full disclosure and report of unclassified test material be made available to this Congress.

Mr. Speaker, I am convinced that the most important decision that this Congress will make this year, and probably for this decade, about the American strategic military posture, concerns the B-2 bomber program. I believe that the B-2 is the single most important new program in this Nation's strategic modernization plan. At this time, I urge support of my colleagues for this vital new initiative.

Two questions that must be considered: One is a technical question, and simply put, whether the airplane works as it has been made; and second, is to determine the military value of both the B-2 as a weapon for strategic nuclear deterrence, and as a flexible delivery vehicle of conventional delivery systems. There is no question that the aircraft works very well as an aerodynamic vehicle. We have seen it fly. This past Monday there was not an American that was not thrilled and encouraged by seeing the B-2 take off at Palmdale, CA, and land at Edwards Air Force Base. This plane will fulfill the promise of very low radar cross sections from most aspect angles. I am convinced that the new materials used to build this aircraft will meet the mechanical and reliability specifications that were set forth in the original design.

What about this airplane concerns military value? We will answer that question. The B-2 is a most important addition to our Air Force for two reasons. It would be a formidable strategic weapon if it were ever to be used in retaliatory nuclear strike against the Soviet Union, because there is no doubt that it can penetrate Soviet air defenses. Also, there is every reason to believe that the Soviets will not be able to develop anything against this aircraft concerning radar systems for many years to come. The B-2, I might point out, is also very useful as a conventional weapons system because of the excellent range payload characteristics. It can fly with one refueling in excess of 10,000 miles.

The question comes up as to whether it is affordable. I am convinced, Mr. Speaker, that the value of this system, the B-2 system, far exceeds the cost. As long as we are talking about costs, we will look and discuss it, because it is an affordable system. The B-2 program is one that will cost 1.3 percent of the overall defense budget. However, we look in the past, the B-1 program cost 1.6 percent of the defense budget, and when the B-52 was funded those many years ago, some of them over 30 years ago, it was 1.4 percent of the defense budget. That is a legitimate question, and one that is answered in the affirmative, that we should pay for this system.

I would like to also point out that this B-2 is not a first strike strategic weapon, and it does not increase the danger of nuclear weapons. As a matter of fact, it serves as a strong deterrent. It has the advantage of military flexibility, which means that human beings fly it, the all-important element of human judgment and intelligence are brought to bear in this target area, to perform the mission of the airplane in a most effective manner.

I will, therefore, Mr. Speaker, on the day that this is taken up, urge my colleagues in the House to look at, study, consider, and vote for, as a compromise attempt to put the B-2 program where it should be, into our strategic defense, for our Nation.

Mr. Speaker, I yield to the gentleman from Arizona [Mr. KYL].

Mr. KYL. Mr. Speaker, I appreciate the gentleman yielding, and I would like to first of all compliment the gentleman for making the very best of arguments in the Committee on Armed Services, and I also see that those same good arguments are being made here in support of this B-2 program.

A lot of emotional arguments, but the gentleman from Missouri is making a technical and logical argument, and I wanted to point out if he had not seen it, an article in yesterday's Washington Post by George Will, "B-2: The Question of Soviet Intentions," and ask if the gentleman had seen that, and if he had, would he agree with me that this would be a good column to submit in the RECORD perhaps at this point or at the conclusion of the gentleman's remarks.

Mr. SKELTON. Mr. Speaker, I certainly would agree that it is a very important article. I did see it, and I would certainly be pleased to have it inserted into the RECORD at this point:

B-2: THE QUESTION OF SOVIET INTENTIONS

(By George F. Will)

The costliest airplane is coming to decision time in Congress at the moment of maximum uncertainty about Soviet intentions. The Stealth bomber comes in a period of severe budget constraints that the president promises to continue (read his lips), constraints that have made Congress eager for a "détente dividend" of defense cuts to finance the pent-up demand for domestic spending.

The B-2 is the 150-ton flying wing, product of 900 new materials and processes, with a million parts and 200 on-board computers, with radar-nullifying technologies that give it a radar cross-section of a goose or (some say) a moth. B-2s cost about $500 million apiece, $70 billion for the proposed fleet of 132.

Can we afford it? About a third of the $70 billion has already been spent on research and development, so the "fly-away" cost would be under $300 million per plane. A Boeing 747's base price is $125 million, and it need not be able to penetrate Soviet air defenses, which include more than 300 surface-to-air missiles for every U.S. bomber and five fighters devoted to interception for every U.S. bomber. The S&L bailout will cost more than $100 billion. The Air Force argues that the B-2 fleet would deliver 2,000 warheads at a cost-per-warhead comparable to ICBMs and SLBMs.

We can afford what we need, which is stable deterrence. That means retaliatory forces sufficient to survive a Soviet attack and inflict intolerable damage. It means an array of forces that complicates, to the point of paralysis, war planning by a Soviet leader.

The B-2 could contribute to that, but the cost might mean the cannibalizing of the defense budget to finance it (particularly because the commander in chief is willing to sacrifice national security on the altar of his antitax obsession). The argument for finding the money begins with the basic argument for bombers: they deliver a large variety of ordnance over long distances under close control. Cruise missiles fired from vulnerable stand-off aircraft cannot travel as far, recognize changed situations or report back.

Bombers are long-lived and improvable. The newest B-52 is 28 years old. Improved avionics have doubled the potency of some B-52s in the last six years. The B-2 has been designed to deliver conventional as well as nuclear weapons. One B-2 can deliver more conventional ordnance than all the cruise missiles carried by a 688 class submarine (or a battleship) and a submarine needs two weeks to re-arm and return to station. The B-2 performs with a crew of two.

It can be especially effective striking certain targets that must be held at risk if deterrence is to be strong. These include mobile ICBMs and some hardened sites, such as the deep shelters that the Soviet elite has built for itself with war-fighting in mind.

It is said that the B-2 could be used against terrorist targets. We have fewer overseas bases than before, and use of them for attacks against, say, Libya, can cause political problems in the host country. However, such a use of the B-2 seems like (in Sen. William Cohen's words) sending a Rolls Royce into a combat zone to pick up groceries. And U.S. reluctance to act against the likes of Libya suggests that improved capability would be pointless. However, one reason for the reluctance is fear of diplomatic and domestic political trouble from any U.S. losses. The B-2 could reduce that danger, and hence the reluctance.

Any decision about a strategic system is, fundamentally, a decision about this question: What are Soviet intentions? The plain truth is that we do not know what they are, and whatever they are, they are changeable. Soviet arms production rolls along unabated. It would be folly for the United States to rest its security on faith in the words of, and confidence in the long tenure of, one Soviet leader. Intensifying economic decline, ethnic violence, and now labor unrest, make Gorbachev's future highly uncertain.

This is no time to reduce the pressure. This is a good time to signal U.S. determination to regard the Soviet threat as unchanged until many things more substantial than Soviet rhetoric are changed.

The B-2 would vitiate more than $200 billion of Soviet investment in air defenses.

The B-2 would be a dramatic demonstration of U.S. determination to use the leverage of technological superiority to conduct an arms race in which the unreformed Soviet economy cannot compete.

The fundamental hope behind U.S. policy is that economic reform will presuppose, and presage, political reforms that will reduce the Soviet urge for military competition. So Congress should consider this: if building the B-2 would help convince the Soviet Union of the ruinous futility of its militarism, the B-2 would be a spectacular bargain.

Mr. KYL. Mr. Speaker, if the gentleman will further yield, I again compliment him on the strong arguments he makes in support of the B-2 program, the logical arguments he makes, including the fact that the Cheney budget, which has been worked out for 5 years, includes the funding for the B-2, so it is not a matter of trying to add something onto the budget that has already existed, but whether to be able to afford the kind of deterrent and continue the triad that provides the deterrent and our security, and I commend the gentleman for his strong statement in support of the B-2.

Mr. SKELTON. Mr. Speaker, I also might point out to the gentleman from Arizona, there was an excellent article recently by Charles Krauthammer, concerning the B-2 bomber system, and I would recommend it to him for his reading. I found Mr. Krauthammer to be a very thoughtful, thorough individual, and I think he would enjoy reading the article.

Mr. KYL. Mr. Speaker, if the gentleman would yield further, I, too, noticed the Krauthammer article, and his last comment was, "Besides that, it looks good."

We do not support the B-2 because it "looks good," but because it is a leap in technology. It is way beyond what either side has been able to come up with so far, to penetrate the other's airspace, and it will cause the Soviets to embark upon an entirely new program of defense if we are to stop the penetration of our air-breathing leg of the triad. It would vitiate between $200 billion and upwards of $300 billion in defenses that they have already invested, to stop the air-breathing weapons that we have, and therefore, would, I think, continue to put pressure on Secretary Gorbachev and his economy to make the same kinds of tough choices that our colleagues and Members do make, and that is, can we afford all of these new expensive military programs, and the Soviet Union, Mr. Gorbachev, does not have to answer that question because he simply writes out the check for some more tanks, or writes another check for some more air defense, or whatever it might be.

In this country, we have to make those tough choices because we care about our people and about our economy and about the kinds of things that average families care about: having good housing and food and education and all the rest of it.

□ 1350

But in the Soviet Union it does not have to work that way. If they need more for defense, they simply take it away from the people. They need to have to make the same kind of tough choices we do, to be able to provide for their people and then ask the question whether they should be spending more for defense.

The B-2 bomber is the kind of program that puts them to that test and says, "Now, do you really want to spend another 2 or 3 or 4 or $500 billion to try to stop this new technological weapon that we have, or would you like to call uncle and put a stop to this craziness and agree that we both have a deterrent against each other and not try to obtain a first strike capability?"

Finally, I commend the gentleman for supporting the B-2, because that is the point of the B-2. It is not a first strike weapon, like the monstrous ICBM's that the Soviets have developed and that we also have, but, rather, it is a second strike weapon which, therefore, provides great deterrence to a first strike by the Soviets but poses no complementary threat on our part, the threat of a first strike.

That is another reason we are trying to maintain that third leg of the triad, the bomber leg, because it is not a threatening leg like the land-based and sea-based missiles are.

Again, Mr. Speaker, I commend the gentleman from Missouri [Mr. SKELTON] for his strong support of this program.

Mr. SKELTON. Mr. Speaker, I thank the gentleman from Arizona [Mr. KYL]. I think it is clear that it is a reasonable approach, and that the production and deployment of the B-2 Stealth system will cause the Soviets to want to negotiate and get serious about arms control. They will see that they will have to do something to replace their $350 billion radar system, because the B-2 can breach that system and make it obsolete.

Mr. ALEXANDER. Mr. Speaker, will the gentleman yield?

Mr. SKELTON. I yield to my friend and colleague, the gentleman from Arkansas.

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

Mr. Speaker, I am a little out of breath. A little bit ago I saw that the gentleman was speaking. I was across the street in my office, and I rushed over here to join him on the question of support for the B-2.

I wish to compliment the gentleman for his leadership in the area of the manned bomber. Our defense has been based in part on always deploying a manned bomber, and it has been the plan and the understanding of our defense planners to replace the aging B-52, which we depend upon for the air leg of our triad for the most part, with the B-1 and the B-2. The B-1 has been completed. It is now deployed and flying, and the second part of the plan is to provide the B-2.

The B-2, of course, is a penetrating bomber, whereas the B-1, while it can penetrate, is a standoff bomber which launches air-launched cruise missiles.

The argument is sometimes made that there is no plan to pay for the B-2. Well, that is not the way the system works around here. They build it, they buy it, and then they figure out a way to pay for it. That is the way all systems work. I remember talking to President Reagan about that issue when he ordered up the MX. I said, "There is no plan to pay for it."

There is never a plan to pay for these weapons systems until after we buy them. That is the way government works. There are a lot of people who would like to have it work differently, including myself, and I would support a plan in the future to change the system, but the system now is to order up a defense system and then figure out a way to pay for it. That is what we have done with the B-2.

The B-2 is a fine weapons system. It is on schedule. It has been flying. I have been in the airplane, as I am sure the gentleman from Missouri has, and I look forward to seeing it fly on the first occasion when we have the opportunity to go out to Palmdale and look at it.

I congratulate the gentleman from Missouri on his knowledge of the weapons system and on his leadership in offering the amendment which would complete the plan for our defense posture, and I look forward to supporting the gentleman this week when that amendment is offered.

Mr. SKELTON. Mr. Speaker, that is very kind of the gentleman from Arkansas, and I do appreciate his support and his encouragement.

This is truly a most important system for us. There is an old saying that the more emotion, the less reason, and when we are reasonable about looking at the defense of our Nation and seeing the importance of this system, I think not just the gentleman from Arkansas but the majority of the Members of this House will agree that the B-2 bomber is a necessity for the strategic defense of our Nation.

Mr. KYL. Mr. Speaker, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from Arizona.

Mr. KYL. Mr. Speaker, I had a couple of questions I wanted to ask. If the gentleman has a couple more minutes, I would like to address a couple of questions to him.

Mr. SKELTON. Absolutely, I yield to the gentleman from Arizona.

Mr. KYL. Mr. Speaker, the first question for the gentleman from Missouri is this: It is asserted by the people who would like to eliminate the B-2 program that the $23 billion which has been spent in all of the research and development for the program was appropriated for the B-2 before the program's cost figures were released, and that nobody knew about these figures and these program costs, and so forth. As far as the gentleman knows, is that a correct statement?

Mr. SKELTON. Mr. Speaker, there were some Members—and I am included as one of them—approximately 100 Members of Congress who were briefed on this during its classified existence, part of which dealt with the cost thereof, and it was classified for a very good reason. It allowed us to take the extra steps and to test this technology without its being exposed to usurpation by a potential enemy.

Classified items are terribly important. This, along with its cost, is unclassified as of now, and, of course, most of this is on research and development. But this is next-century technology. We have made a scientific breakthrough that is magnificent. It is one that a great number of us in Congress knew about, had been briefed thereon, and were well aware of, and, frankly, we were encouraged on that point.

Mr. KYL. Mr. Speaker, if the gentleman will yield further, the Committee on Armed Services approved this in each of the last several years. Were the members of the Armed Services Committee permitted to be briefed on the B-2, and as a matter of fact were they permitted to actually visit the site of construction and see the program itself?

Mr. SKELTON. I can say that I had that opportunity, and I saw that a number of other members of the Armed Services Committee had the opportunity. I am quite sure all of them were afforded that opportunity, and whether they all took advantage of it or not I do not know. But I do know a good number of them did. I actually received three such briefings on the B-2, and I had the opportunity, of course, to see it in its plant as well. So it was well known and well understood by many of us on the Armed Services Committee.

Mr. ALEXANDER. Mr. Speaker, will the gentleman yield on that point?

Mr. SKELTON. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Speaker, I asked the same question at a time when I was being briefed out at Palmdale last year. Of course, every Member of Congress had the opportunity to take the initative to go to California and to receive the briefings. That was where you sign your life away before you go in, and I guess they take your fingerprints and everything else in order to get through all the security and the clearances. But if a Member of Congress did not receive a briefing on the B-2, it was because they did not take the initiative. I know some effort was made at some considerable expense to the Northrop Corp. and the Air Force that developed the airplane.

Mr. SKELTON. Mr. Speaker, I might point out at this juncture that the gentleman from Arkansas who is speaking is not a member of the Armed Services Committee, but he did avail himself of the opportunity to examine this system; is that not correct?

Mr. ALEXANDER. Of course, there were many Members of Congress who did that, and, of course, not all of us who are interested in the defense of our country are members of the Armed Services Committee. Frankly, I do not think I would have the patience to be a member of the Armed Services Committee. I will settle for the Appropriations Committee. But I am concerned about the systems and their development, and, of course, I am concerned about the defense of our great country.

□ 1400

Mr. SKELTON. Mr. Speaker, I thank the gentleman from Arkansas [Mr. ALEXANDER] for his support.

Mr. KYL. Mr. Speaker, will the gentleman yield further?

Mr. SKELTON. I yield to the gentleman from Arizona.

Mr. KYL. As a matter of fact, Mr. Speaker, I have some information that confirms that 88 Members of the House of Representatives, representing 13 different committees, visited Northrop's facilities more than 220 times since the program's inception, and 60 percent of the current membership of the Committee on Armed Services has also visited Northrop in California.

So, Mr. Speaker, I think the gentleman from Missouri [Mr. SKELTON] is correct that nobody was hoodwinked into supporting this program. We either in fact knew what was going on there, or at least we had the opportunity to know, and, for those who now express great surprise, all I can say is that they had the opportunity, should they have wanted to, to be briefed on the program.

Mr. Speaker, I would like to ask the gentleman from Missouri [Mr. SKELTON] another question, if he has the time. It is said that the B-2 Stealth Program is a highly concurrent program. Of course, being on the Committee on Armed Services, I am aware of the fact that at the time it was planned to be a highly concurrent program, but based upon changes that have been made, including a change this year by Secretary Cheney, that is not necessarily the case, and I wonder if the gentleman from Missouri [Mr. SKELTON] will comment for a moment about this and demonstrate to our colleagues why the B-2 Program is no longer the concurrent program that it is criticized as being.

Mr. SKELTON. Mr. Speaker, to begin with it was designed to be less concurrent than the B-1 system. There were some 24,000 hours of wind tunnel testing, and so many various tests went into this early on before any production actually began.

This is, as I mentioned, less concurrent than the B-1 was. The year's slippage, as requested by the Secretary of Defense when he appeared before our committee the first time, makes it even less concurrent, and I think that what has been said about the B-2 is coming to pass. They said it would fly, it would fly well, and I was thrilled, as I know so many were, when I met and talked with the two test pilots of the B-2 this past week who said that it flew exactly as the simulator did, and, if anything, a bit better. So, there is a great deal of testing that has gone on, and we are not buying, as they say, a pig in a poke. We are buying a system based upon a series of tests that have worked out and are working.

Mr. Speaker, the plane flies, it flies well, and it will meet those requirements, I am convinced.

Mr. KYL. Mr. Speaker, will the gentleman yield further?

Mr. SKELTON. I yield to the gentleman from Arizona.

Mr. KYL. Am I not correct that the amendment of the gentleman from Missouri [Mr. SKELTON] relating to the B-2 bomber has language in it which would further protect us from a decision too early to manufacture too many planes, that his language would guarantee us that the program will work properly before we actually spend this money to buy the equipment?

Mr. SKELTON. Absolutely. There are two aspects of this restrictive language in my amendment. One adopts the restrictive language that is already in the bill; and, second, it requires a performance matrix report. Now that is a fancy phraseology, but it requires the unclassified items and information from the various tests dealing with performance, such as range, speed, and all the technological aspects of the testing, to be made public and sent to Congress so that we may see and have firsthand knowledge of how the testing is going and what is going on each year before we approve additional funds, as we must every year for this system, as well as other systems.

Mr. ALEXANDER. Mr. Speaker, will the gentleman yield on this point?

Mr. SKELTON. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Speaker, I would like to encourage the Air Force and Northrop, who may be observing this debate today, to encourage Members of Congress to be present during some of these test flights. I realize that we do not have the time, nor do they have the time, for all of us to be present all the time, but for people who may be skeptical or for those who may not be aware of the properties of this new airplane, it will be useful for them, as persons who vote on future budgets, to go through a learning curve process about the various qualities of this fabulous airplane.

I would point out one other thing, and that is I was just reading an article a minute ago about how the United States has fallen behind some of our European trading partners in many, many industrial fields, but not aerospace, and every time we develop a new airplane it pushes us further and further ahead of the race for superiority in the field of aerospace. Those persons who see this machine, this B-2, for the first time, they will be proud that we are still No. 1 in aerospace.

Mr. Speaker, I thank the gentleman from Missouri [Mr. SKELTON] for yielding to me, and I appreciate again his leadership.

Mr. SKELTON. Mr. Speaker, I thank the gentleman from Arkansas [Mr. ALEXANDER] for his comments.

Mr. Speaker, I think it is important to point out that we in this country are so blessed with our technological achievements that this is the one area that, more than anything, together without national resolve, keeps the peace in this world.

Mr. DICKS. Mr. Speaker, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Speaker, I want to compliment the gentleman from Missouri [Mr. SKELTON], my colleague, for the leadership that he has given to the House on the important question of modernizing our strategic bomber force.

I must add that a lot of people have forgotten a lot of history over this last 10-year period. We certainly had a debate early on regarding the B-1 and the B-2. But for the last decade we basically had a two-bomber program. One was to go forward with the B-1 technology, which was basically better understood, and then to work on the development of the important Stealth bomber which has such tremendous radar-evading capabilities, and what we have seen is we have got the 100 B-1's deployed.

A lot of people say to me, "What ever happened to the B-1 program?" Well, we paid for it. We bought the planes. They are out there. Now we have got a problem on defensive countermeasures, a problem that is going to cost us about $1.5 billion to fix. Many people criticize the B-1 program because it had too much concurrency, but all but the major problem with it can be addressed with a half a billion dollars.

Mr. Speaker, this is important to understand because the amendments that are being offered, the Kasich amendment, will basically kill the B-2 program, and the Aspin amendment, both will result, if they were carried through to fruition, and let us say after killing the program we say we come back to it, or after slowing it down dramatically, what we find out is the cost per airplane will rise dramatically. So, there is no free lunch here.

The gentleman from Missouri [Mr. SKELTON] on the other hand offers an amendment that basically is the Cheney budget with some reporting requirements.

Mr. SKELTON. Mr. Speaker, let me correct the gentleman from Washington [Mr. DICKS] there. It is the committee figure.

Mr. DICKS. Excuse me.

Mr. SKELTON. It is not the Cheney budget. It is less than the Cheney budget. It is a compromise figure.

Mr. DICKS. It is a compromise figure, but what it does not do is slow the program down so much that it increases the unit cost of the aircraft to such an unreasonable level that we create a self-fulfilling prophecy, and that is the problem with the Kasich amendment, and that is the problem with the Aspin amendment.

Mr. Speaker, it is one thing to try to cure the problem, but we make it a lot worse if we say the problem here is cost, and yet by slowing it down further than the committee has slowed it down, we make the per-unit cost even greater. Then all we have done is make a bad situation worse, and that is the bottom-line difficulty with Kasich, and that is the bottom-line difficulty with Aspin.

Mr. Speaker, let me also mention something that came up late last week. For the last 5 years I have served as an observer to the arms control talks in Geneva, and the whole philosophy of the START talk has been to reduce dramatically the number of ICBM's that the Soviets have and the number of ICBM's that the United States has because these are the weapons that will be either used or lost. It is the use-them-or-lose-them thing which causes such crisis in stability, and our country is fearful of the very potent Soviet SS-18's. We have developed the MX as a response to that.

The philosophy of the arms control talks was to go ahead with bombers to give favorable accounting rules for bombers, and President Reagan and General Secretary Gorbachev agreed at Reykjavik to have these favorable accounting rules so that a bomber with internal weapons, which could be up to 20 bombs and SRAM's, will only count, only count as one weapon.

□ 1410

These are slow flying—not slow flying, but they are not fast fliers like the ICBM. They fly over there. It takes about 8 hours. They are recallable. With one refueling they can get there.

But the point is they do not create instability. They are clearly second strike systems.

People say, well, yes, that is important, but why do we need them? Well, the reason we need them is that there are a number of targets in the Soviet Union that are not time urgent, and under the strategic integrated operational plan somewhere between 40 and 50 percent of the targets within the Soviet Union's are not time urgent, and therefore can be addressed by the manned penetrating bomber. Many of those targets will move around, like ships, like tanks, like railroads. Therefore, the bomber is uniquely qualified to go after those mobile targets.

Now, much has been made about can they find the SS-24's and the SS-25's? Well, the answer to that, quite candidly, is that there is work under way at the Pentagon to develop the radars and sensors to do that very mission, but that has not yet been completely accomplished. Therefore, they do have a problem in identifying with current systems the SS-24 and the SS-25; but the best hope for being able to go after those Soviet missiles is the B-2 bomber with these new sensing devices. That is another reason why we should go forward.

But clearly, on the arms control side of the equation, the mission side of the equation, this is a very important weapons system which I think we should go ahead and complete.

Mr. SKELTON. Mr. Speaker, let me interrupt my friend at that point.

Mr. DICKS. Yes.

Mr. SKELTON. The comments made by the President and the Secretary of Defense indicate that should it come to pass that this not be funded, that they would have to rethink the START formula.

Mr. DICKS. The START talks.

Mr. SKELTON. And their attitude and their negotiating positions on the START talks, which would be an arms control disaster.

We would be shooting ourselves in the foot and moving further away from arms control by not funding this.

Mr. DICKS. Well, because the B-2 is so fundamental to our negotiating position, we have always in these arms control talks, whether it be START or SALT, we have always tried to protect the right to build these bombers and to have the best technology, because

bombers have always been an area of U.S. advantage.

Now we would be faced with the extraordinary situation where we have carved out this exception, this rule that favors bombers, and then we do not take advantage of it.

And why do we have to do this? It is not because we want to do it. It is because the Soviets have spent probably $200 billion to $400 billion on air defenses that make it mandatory that we have this very high technology radar-evading Stealth bomber that can get through those heavy enemy air defenses in order to assure deterrence, and that is the fundamental point of arms control, of modernization and everything else.

Mr. SKELTON. And it will cause them to get more serious about arms negotiating.

Mr. DICKS. That is right; but the key here is trying to preserve the credibility of our deterrent force.

Today, as the gentleman knows, there is a big question mark about our ICBM force, because those ICBM's in silos are vulnerable to a Soviet SS-18 attack. We know that, that is why we are considering going mobile with Midgetman or the rail garrison is to cure that problem in order to restore survivability to that leg of the triad.

We also know that we have a major problem with the B-52 not being able to penetrate, with the B-1 having limited penetration capabilities, as the Soviets refine their air defenses; so that would call into question two of the three legs of the triad.

In a post-START environment, we are going to be limited to somewhere between 15 and 20 Trident submarines, so we are going to place the entire deterrent on one-third of the triad, and if the Soviets should have a technological breakthrough there, then our whole deterrent posture would be called into question.

It has always been our policy to modernize and to cure deficiencies. The B-2 cures the deficiency of not having a bomber that can penetrate those very massive Soviet air defenses into the year 2000 and beyond.

Therefore, when you look at it from the position of avoiding war, remember this is what General Welch said so effectively before the other body last week. He said that the whole idea here is to have a credible deterrent.

So my hope is that we can maintain the B-2 program, because it will help us get a START agreement. It will give us this advanced technology. It will give us assured penetration capability; but most importantly, it will give us the most effective weapon for deterrence.

Remember, people talk about these systems. ICBM's can only be used for that deterrent war. SLBM's, submarine-launched ballistic missiles, can only be used for that deterrent role, but a manned penetrating bomber can be used across the entire spectrum of warfare, either strategic or conventional, and at a time when we are seeing a post-NATO era, when we are not assured of base rights around the world, having that bomber that can with one refueling go anywhere in the world from three different locations gives us enormous flexibility, and when it gets there it can avoid those enemy radars, and because of that avoidance capability it could have been used, for example, in the Libyan raid without having to risk two aircraft carriers and all the aircraft that were associated with that event.

So the B-2 gives us enormous flexibility, like our aircraft carriers give us in the Navy, that is the flexibility and the availability to deal with contingencies that I think will be even more important in a post-START post-NATO era.

I wish that we did not have to face these hard choices, but clearly, this is one system that I believe very fundamentally is essential to preserving deterrrence and peace as we move down the road.

Now, there is another benefit. This airplane will have more spin-off to the private sector than any other weapons system that we have developed. It will give us the use of composites, the use of computer-aided design and computer-aided manufacture. This particular airplane will give very positive benefits to the commercial aviation industry for years and years to come, so it also has that.

I do not think you can ever justify a weapons system on that, but clearly, this is one of the spinoffs from the B-2 program, this technology that will be there for yrears and years to come.

So I want to commend the gentleman. I think his amendment is on target. It will not unreasonably increase the cost of this program. It will take some of the concurrency out. It will provide information to the public that is essential to better understanding this program.

I would like to go back to one point that was made by the gentleman from Arizona. He asked, did anybody know about this? Well, if anybody was paying attention, 3 years ago the cost numbers were made available to the Congress and opened up in an unclassified way on the B-2 program. So if anybody here can say they did not know what was going on, it is simply because they did not avail themselves of the information that was available.

Many of us went out there and have seen the program and been involved in it. I serve on the Defense Subcommittee. I have been involved in this program for the last 10 years. It is exciting technology.

I just would say that people today who say, "Oh, I never even knew what was going on," especially people who serve on the Armed Services Committee, I might add, some of the leaders of that committee, I find that rather remarkable, because these people were invited to go out, see the program firsthand. Some of them simply did not avail themselves of that opportunity.

So I compliment the gentleman here for taking this important time today. This is a very important national security subject and I think his amendment certainly is the preferable one over Kasich and over Aspin on Wednesday.

I appreciate the gentleman yielding to me.

Mr. SKELTON. Mr. Speaker, I certainly appreciate the gentleman's support. I am convinced that this is a most necessary step for the national security of our country, and I thank the gentleman for his assistance.

Mr. DAVIS. Mr. Speaker, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from Michigan.

Mr. DAVIS. Mr. Speaker, I thank the gentleman from Missouri for yielding to me.

I have listened to some of the things that have been discussed here today. I think as most of us are aware, those of us supporting the program have been trying to let the general public and our fellow colleagues know how important this program is.

I just want to make a couple points. Perhaps they have already been covered; but the procedure that we are going through, and we are going to be voting on this issue Wednesday morning as the first order of business on the Defense Authorization bill.

The problem is what amendments are being perceived. As we all know, the bill as it stands now came out of the committee and does, of course, allow for continued production and R&D of the B-2 program. We did cut $500 million out of the procurement side, $300 million out of the R&D side.

We probably in the future if we continue with the program, and I am sure we will, are going to need to restore that $300 million; but the scenario now, I think, that needs to be explained to our colleagues is that the proper way to go from here is to adopt the Skelton amendment. The reason for that is if you are in favor of the B-2, if you think we ought to continue the program, it is dollar-wise the same thing that the committee did. The only thing that the gentleman has done in the Skelton amendment is to put some more language in there, tighten up some of the parameters, some of the things that perhaps we need to know.

□ 1420

The Aspin-Synar amendment, I think, leads us down the road to even-

tual defeat and nullification of the B-2 program. It is proposed as perhaps middle ground, but it is really not middle ground. The middle-ground proposal is the Skelton amendment, which is very close to the committee amendment.

Mr. SKELTON. Let me point out at this juncture, and I appreciate the gentleman saying that, but let me point out that the Secretary of Defense and the President recommended some $4.7 billion for the program, and the committee cut this down to $3.9 billion. My amendment adopts that same figure and, of course, it has some very restrictive language therein.

I think this is a very reasonable approach to this whole issue.

Mr. DAVIS. It is. But what I am afraid is that some of the Members are going to look at the Dellums-Kasich-Rowland amendment which is an amendment that does, in fact, kill the program, builds 13 planes, and they are going to look at this and say, "Well, this is somewhere between what the committee did or what the Skelton amendment does and those people who want to preserve the program."

In fact, I think that the Aspin amendment goes too far and leads us down the road that we are not going to have a B-2 airplane, and so the only alternative, the only right way to go, which is very similar to what the committee did, which I might remind our colleagues was adopted by a substantial margin, is to accept the gentleman's amendment, and that is what we need to convince our colleagues, because that is the proper way to go.

Mr. DICKS. Mr. Speaker, will the gentleman yield?

Mr. SKELTON. I am happy to yield to the gentleman from Washington.

Mr. DICKS. Mr. Speaker, we have to remember that when Secretary Cheney came in, he expressed some personal reservations about the cost of the B-2 program. He went out there and he took a look at it. He then came back in with a restructured program of three planes in 1990, five planes in 1991.

The problem is that if we go much below that, and I do not think the gentleman's amendment does that, but if we get Aspin or Kasich, and Kasich is a killer, but let us just say Aspin for a moment, what we do is it looks like we are making a short-term saving, but driving up the cost of the overall program.

I have asked the Air Force for an estimate. I will predict that it will increase the cost of the program between $2 billion and $10 billion.

If we say, "I am shocked by this bigger shock," and then turn around and do something that makes the cost even greater, we are not solving the problem.

Mr. SKELTON. Let me point this out: The technology that has gone into this system, and it is new, brand new, technology, and it is American know-how at its very best, but this Stealth technology is what all future bombers will be, all future fighters will be, and they will all be expensive. It is so terribly good. It does what it is supposed to do.

Mr. DICKS. Mr. Speaker, if the gentleman will continue to yield, let me finish this point. When we start looking at this $23 billion that we have invested, we cannot just put that against the B-2. The advanced-technology aircraft, the advanced-technology fighter, every new missile will use the benefits of that program.

I want to come back and drive home this one point. If the program is slowed down too much and the unit cost is driven up, then we create a self-fulfilling prophecy that makes this program more expensive than it needs to be.

We did the B-1 differently, and some people criticized that. We said, "Here is what we are going to do. We have the design." We went forward and did it rapidly, and we paid off the program in a few short years. That kept the progam on cost. Yes, we are paying an extra price now to fix some of the mistakes of the B-1 program, but the total of that is about one-half of a billion dollars spread over 97 aircraft.

One has to say that if we are going to do the Aspin approach, slow this thing down but increase the cost by $2 to $4 billion, that is a big premium to pay to take concurrency out.

What I would argue is that the Cheney Air Force budget already slowed this thing down to the lowest level that makes much sense.

The gentleman's amendment, I think, is still in the ball park, but if we go below that, then we are going to drive up the cost per aircraft. We are going to drive up the cost of the entire program. They then will turn around 2 years from now and say, "My God, it is more expensive, so we have to kill it." That is why some people worry that the Aspin amendment turns out to be another kill amendment, and we have to think through this as a body.

Mr. Speaker, I would just hope that we would be very careful in making certain that in the name of compromise we do not come up with something that is another killer amendment, and I am afraid that is what the Aspin amendment is.

Mr. SKELTON. I thank the gentleman from Washington, and I thank the gentleman from Michigan.

Mr. DAVIS. Mr. Speaker, will the gentleman yield?

Mr. SKELTON. I am happy to yield to the gentleman from Michigan.

Mr. DAVIS. I want to expand on what the gentleman from Washington said. He is absolutely correct.

When one looks at the money we have spent on this airplane in R&D, and we have spent a tremendous amount of the total $70.2 billion in research and development, so that is charged against the B-2 bomber, but the benefits from that research and development, as has been discussed here, will be able to be used in future airplanes, and the spinoff is going to be fantastic.

We also have to put this cost in proper perspective. If we look at what we paid in the total costs of our procurement defense budget as an example of the B-47, the B-52, and B-1 and now the B-2, when we were building the B-52 many years ago, as a total percentage of the procurement budget, it was 1.6 percent, and then when we built the B-1, it was 1.5 percent. The fact is that even with $70.2 billion and an airplane that is expensive, the B-2 costs 1.3 percent of our total procurement budget, which is less than the total procurement money percentagewise we spent on either the B-1 or the B-52.

Mr. SKELTON. I think that is very important to point out.

Let me also add that airplanes are expensive. Were we to buy a 747, a Boeing 747 off the shelf, we would pay from $130 million to $150 million for it with no accessories. Were we to buy another 747, Air Force One for the President, with all the technology and avionics that go with it, that is a $300 million airplane. These are very expensive.

Every future system such as this in the future is going to be expensive. How much should we spend? We should spend enough to keep our country safe and free.

Trident submarines are expensive, aircraft carriers, destroyers are expensive.

This is so terribly important, and the most important decision that we will make strategically, I am convinced, this decade.

Mr. DICKS. Mr. Speaker, if the gentleman will yield further, the gentleman mentioned the Trident Submarine Program. I am a gentleman from Washington, and the Trident base is very near my district. I follow the program rather closely.

When we look at the submarines we built and the D-5 missile and put it all together, $79 billion.

Mr. SKELTON. Which is more expensive, as we know, than this program.

Mr. DICKS. It is more expensive than the B-2 program, and yet it is a critical part of our triad, and the most survivable part of our triad.

It is a prudent investment. We have made it over a long period of time.

Let us go back to 1981 when this debate started. They came in, and this is now the most complicated techno-

logical step forward maybe that we have ever made in the defense area, and they predicted at that time that the cost of the B-2 would be $36.6 billion. Today if we go back and look at still in 1981 dollars with the inflation and everything else we have had, the cost is $44.2 or $44.3 billion. It has gone up about 20 percent.

That is pretty good for an R&D program with this kind of technological step forward, and the breakthroughs that were associated with it and, yes, there were some problems. There was a redesign of the aircraft so that it could do both low and high, and that was done for very solid reasons. That added a lot of cost.

They underestimated how much it was going to cost for security to keep this thing secret for these many years that this plane has been under development. That added enormously to the cost, plus there were some difficulties. Any time we try to make that next step forward, we are always going to have some difficulties. We have had it with every single program, and so that has been part of the reason why they underestimated what the cost of this was.

□ 1430

So in those terms, it is pretty solid. If we spread that R&D cost across these other weapons, and then look at the cost to complete, we are talking about something like $260 to $300 milion per aircraft. I think that is reasonable for the capability we are going to get from this airplane, the fact that it keeps us with a manned penetrating bomber into the foreseeable future, and renders obsolete the hundreds and hundreds of millions of dollars that the Soviets have invested in their massive air defense system.

This is something where people say will the Soviets develop stealth? They do not need stealth. We do not have an air defense system that is comparable to the one they have. That is why we have to do something extra here, because they have made the problem much more challenging than we have made the problem of penetrating U.S. airspace for them.

So in order for us to preserve the triad, which has given us peace for the longest period of time, 40 years without any major war in Europe or with the Soviets or whatever, we have to continue to deal with the problems of modernization and survivability of the triad.

Mr. SKELTON. I thank the gentleman from Washington. I think it is very important to point out that the value of the B-2 bomber is far in excess of its cost.

Mr. Speaker, I thank the gentleman and I yield back the balance of my time.

TRIBUTE TO DR. JAMES B. WYNGAARDEN, DIRECTOR, NATIONAL INSTITUTES OF HEALTH

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. WALGREN] is recognized for 60 minutes.

Mr. WALGREN. Mr. Speaker, I join together today with a number of other Members of Congress to express appreciation and respect for the service of Dr. Jim Wyngaarden who is retiring in August of this year after 8 very fruitful years for the Nation as Director of the National Institutes of Health

Mr. Speaker, the gentleman from Michigan, Mr. JOHN DINGELL, chairman of the Energy and Commerce Committee, could not be on the floor at this time today, and he has asked me to submit his statement in this special order for the RECORD.

Mr. DINGELL. Mr. Speaker, I am pleased today to add my voice to those who have joined in appreciation of the efforts and achievements of Dr. James Wyngaarden as Director of the National Institutes of Health over the past 8 years.

The National Institutes of Health complex is the flagship of biomedical research for the United States and possibly the world. Dr. Wyngaarden has had the task of steering the NIH through some uncharted and often stormy seas. He is to be congratulated on a job well done.

During Dr. Wyngaarden's tenure we have looked to the NIH to provide the lead in research against AIDS and other health problems such as Alzheimer's disease, cancer, and Lyme disease. These increased expectations have come at a time when we in the Congress have had to battle each year for increased NIH funding. The NIH has faced new dilemmas of how to oversee some of the uses of biotechnology, and how to confront the ethical questions posed by certain aspects of research. Dr. Wyngaarden's leadership on these issues has been thoughtful and responsive, and has led to progress and not stagnation.

Dr. Wyngaarden has led the NIH to an important role in the development, organization, and coordination of the project to map and sequence the human genome. This is a bold new initiative for biomedical research, and one from which we all stand to benefit.

I know that my wife Deborah would want me to make special note of the role that Dr. Wyngaarden has played in helping to set up the Children's Inn for the families of children receiving treatment at the NIH Clinical Center. The ability of the NIH authorities, through Dr. Wyngaarden, to respond to this important need, has provided a very human and compassionate face to the top-class science and medicine of the Institutes.

I thank Dr. Wyngaarden for his service to science and to the community at large during his tenure at NIH. I join with my colleagues in wishing him well in all his future endeavors.

Mr. WALGREN. Mr. Speaker, the Nation has always taken pride in the National Institutes of Health. The NIH is often described as the jewel in the crown of the Federal research efforts. It is the premiere biomedical research institution in the world. NIH scientists have led the fight against AIDS, against cancer, against heart disease, against stroke, and against so many devastating disorders that destroy individuals.

The NIH has a special place in the heart of so many Americans because it is the one Federal institution that is directly responsible for trying to deliver the kind of help that we reach out to the medical profession and the scientific research in medicine specifically to help when everything else seems so helpless.

Leading a scientific enterprise of this magnitude and assuring that the best, and particularly the most promising science is the project that is funded in the face of needs that are compelling by themselves, and so compelling because they are presented by individuals who are often even in desperate need, a need that always outstrips resources, assuring that the most promising science research is done under those circumstances is a demanding task, a task that calls for the largest measure of personal diplomacy and scientific discipline. For 8 years this Nation has enjoyed those qualities in full measure under the leadership of the National Institutes of Health by Dr. Wyngaarden.

As a member of the Health and the Environment Subcommittee, I have come to have a special respect for the personal qualities that Dr. Wyngaarden has brought to administering what is certainly a large and significant bureaucracy. I know of no other administrator in my years in the House of Representatives who has been as open, not just to Members of Congress, but to individuals who are reaching out to the NIH, in no matter what capacity. I know of no other Federal administrator who had every reason to be inaccessible or to be inflexible or to be unresponsive, and I know of no other Federal administrator who has been so responsive under those circumstances, and responsive with a quality of decisionmaking that is marked by its straightforwardness, by its honesty, by its integrity, and by its discipline to the scientific state of knowledge in the area that is under question. He has been exemplary and a great resource for all of us.

Under his leadership the NIH budget has grown from $3.5 billion in 1981 to over $7 billion in 1989. During those 8 years taken together, Dr. Wyngaarden has been responsible for administering something in the range of $40 billion of Federal money, Federal efforts and in the most compelling area that we as a society come together to address. His administration in those years has been marked by a substantial emphasis on individual investigator-initiated research. The increase

in the number of research project grants from about 16,000 in 1982 to a proposed 20,000 in 1990 has been significant, and at the same time Dr. Wyngaarden has emphasized the importance of grants of multiyear duration, so that now when we look at the competing research project grants in the NIH in 1989 we see that where only 1 in 5 was a competing research grant lasting for more than 5 years, now 1 out of 2 of the grants that are multiyear grants in this dimension are allocated on a competitive, peer-reviewed basis.

This kind of individual, investigator-initiated research is really the lifeblood of moving science forward, and the large steps that have been taken at the NIH in the understanding of biomedical science in these years is largely attributable to Dr. Wyngaarden's recognition of the importance of this kind of program and the priority that he has given it.

When Dr. Wyngaarden came to NIH in 1980 there had been little new construction of research facilities for a number of years, and certainly the budgets that faced any director of a major Federal facility starting in 1980 were not encouraging of new construction. Yet, he had the foresight to initiate a strong intramural program of research, and knowing that that needed the facilities, the physical facilities to support it, he initiated this construction of a new research building to house scientists in child health and neurosciences in particular. So we have seen a strong physical addition to the NIH plant during this period of time as well.

I especially want to salute Dr. Wyngaarden for his creativity in arranging for the construction, and playing a significant role in the construction of what will be known as the Children's Inn at NIH, a program where we will be building a facility to house 36 families who will stay with their children while their children are being treated for cancer and related diseases at Bethesda, families and children who are coming from across the United States, from California, to Maine, to Florida who will now, because of the encouragement that Dr. Wyngaarden gave a group of private sector people who wanted to pursue and help finance this kind of a project, because of the encouragement Dr. Wyngaarden gave them, that facility will be a reality and is presently under construction at the NIH campus in Bethesda.

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Dr. Wyngaarden knew that if he would allocate the land—and he committed 2½ acres of ground on the NIH campus—that the private sector, large corporations such as Merck Pharmaceutical, down to small donors, individual families working through Lions Clubs and individual families making personal contributions, would be able to do the rest.

As a result, some $4 million has been raised at this point in the ongoing project to build a Children's Inn at NIH which will be a home away from home for children that are in very real need of the comfort that home can provide.

In his period at National Institutes of Health, Dr. Wyngaarden has led the fight against AIDS, building up the Federal program that has at least positioned us at a point where we can see how the solutions to AIDS will be found. Imagine what it would be like were we confronted with essentially a fatal social disease if we had not the slightest understanding of the mechanism that lies behind it.

But the basic research done on the genetics of the AIDS virus gives all of us real reason to hope and real reason for confidence that we will be able to scientifically find the solution to that disease which is so threatening not just to the individuals that may be caught up in it but to all innocent individuals in society as a whole.

Also during his period of time at NIH, the human genome research project which will document and essentially diagram the genetic structure of human beings has been initiated at the NIH in response to the new scientific opportunities that our understanding now give us the ability to reach out and develop.

Dr. Wyngaarden was responsible for creating the NIH Human Genome Research Program and for recruiting Nobel Laureate Dr. James Watson, who was the original researcher who understood the double helix that has led to an understanding of genetic engineering, recruiting Dr. James Watson to head that program.

There are so many individuals across this country who suffer—limited in number but terribly devastating—diseases, or conditions would be a better word, that are based in genetic disorders, diseases like neurofibromatosis that, because of a genetic disorder, causes fibrous tumors to develop almost at random in the body and creates terrible life-threatening problems for those who suffer from it.

Juvenile diabetes, and diabetes in general, and a whole range of diseases that we know will be understood once we understand the complexity of the human genetic map, will be able to be salved, and lead to the lessening of human suffering immeasurably when that understanding is in place.

As a nation we owe Dr. Wyngaarden a deep and heartfelt thank you. He has led the NIH with vision and integrity.

Under his stewardship the agency has grown and the people of this country, our children and generations yet to come will be so much better off because of the scientific base that Dr. Wyngaarden has moved forward that will now be able to be built on in future years.

The country will realize the benefit of his efforts in the long run in the form of improved health which both we and our children will enjoy for years to come.

Mr. Speaker, I invite other members who might like to make submissions for the record during this special order. I recognize the gentlewoman from Maryland [Mrs. MORELLA], who has had such a close involvement with the Bethesda campus of the National Institutes of Health and has been a full supporter of the developments in science and health that are doing so much good through the research done at the NIH facility.

Mrs. MORELLA. I thank the gentleman for those very kind words, and I want to commend him very highly on the special order he has taken on out on behalf of the retirement of Dr. Jim Wyngaarden.

The gentleman indeed has been a supporter of everything that the National Institutes of Health has been promoting, and we are very grateful to him, to have him in Congress as a supporter of NIH.

I am very honored to represent the Bethesda campus of the National Institutes of Health.

Mr. Speaker, I rise today to honor Dr. James Barnes Wyngaarden on the occasion of his retirement as Director of the National Institutes of Health.

Oliver Wendell Holmes once remarked:

> The best service we can do for our country and for ourselves is to see as far as we may and to feel the great forces that are behind every detail.

I feel that Mr. Holmes' statement accurately describes the contributions Dr. Wyngaarden has made to the National Institutes of Health and to the field of biomedical research.

Dr. Wyngaarden's 8-year tenure as Director of NIH has been characterized by a creativity, flexibility, and thoughtfulness that has kept NIH at the forefront of scientific developments and progress, including significant advances in the study of cancer, AIDS, and Alzheimer's disease. Dr. Wyngaarden has been committed to keeping scientists active in the management of their own research and to reducing the bureaucracy surrounding scientific research to ensure maximum progress. One of his greatest successes has been in coordinating efforts between scientists at private research centers and NIH. As a result of these efforts, the number of research project grants increased by 25 percent from 1982 to 1990 and the proportion of the NIH budget devoted to research project grants increased from 50 percent to 58 percent during his administration.

Under Dr. Wyngaarden's directorship, NIH saw unparalleled fiscal expansion; the overall appropriation doubled from $3.57 billion in fiscal year 1981 to $7.3 billion in fiscal year 1989. Dr. Wyngaarden also strengthened the NIH intramural research program, expanding the intramural budget from $455 million in fiscal year 1982 to $849 million in 1990. He began the construction of the Child Health and Neuroscience Facility.

His efforts in the battle against AIDS were both timely and thorough. Dr. Wyngaarden recognized early the deadly potential of the AIDS virus and devoted significant resources to its combat in the crucial and early years of its discovery.

Dr. Wyngaarden's support of the Children's Inn at NIH was vital to its realization. This facility, which will soon be completed, will provide accommodations for families and their children who are being treated for cancer or related illnesses at NIH. The Children's Inn will serve as home to as many as 36 chronically ill children and their families during their treatment. Not only can the families stay together, but they will be housed with other families in similar circumstances, thereby providing a more supportive environment.

The accomplishments of NIH under the tenure of Dr. James Wyngaarden make me truly proud to represent him and the National Institutes of Health in Congress. I have enjoyed working with him, and I wish him great success in his future endeavors. He will be missed, and he will be remembered.

Again I want to thank the gentleman from Pennsylvania [Mr. WALGREN] for the courtesy he extended me in joining with him in this tribute.

Mr. HOYER. Mr. Speaker, on July 30, Dr. James Wyngaarden, the Director of the National Institutes of Health, will step down from his post after 8 years of distinguished service.

As a member of the House Appropriations Subcommittee on Labor, Health and Human Services and Education for the past 6 years, I have had the pleasure and honor of working with Dr. Wyngaarden.

Each 1 of those 6 years, Jim Wyngaarden has come before the subcommittee not only to testify regarding the administration's budget request for the National Institutes of Health, but also to act as an advocate for biomedical research.

I do not believe that any member of the Labor/HHS Appropriations Subcommittee believes that we, as a nation, are devoting sufficient resources to medical and biomedical research. Dr. Wyngaarden has led NIH at a difficult time, and his leadership has been especially important to our efforts in Congress to increase the national commitment to biomedical research.

In this decade, NIH has required enormous energy and skill of its Director as it has struggled to cope with the demands of the necessary additional research on the HIV infection and other chronic and infectious diseases.

Dr. Wyngaarden has provided strong leadership on this and other major issues confronting NIH during a time of explosive developments in biomedical research. He has not, however, neglected the ostensibly mundane, but critically important elements of the NIH research mission.

In fact, Jim Wyngaarden has been an effective proponent of efforts to strengthen the Intramural Research Program, the construction of the Child Health Neuroscience Facility, and the Dental-Scientist Research Program. The Director has also been attentive to the concerns of the people who do the real work of the Institutes, the researchers themselves. He has, for example, attempted to reduce the procedural burdens that can hinder an investigators progress.

I want to take this opportunity to thank Dr. Wyngaarden for his important contributions as Director of the NIH. Along with many of my colleagues, I have appreciated his professionalism, his energy, and his commitment to a worthy mission. The people of our Nation owe Jim Wyngaarden a debt of gratitude for his exemplary record of public service. We wish him Godspeed and congratulate him on a job well done.

Mr. STOKES. Mr. Speaker, I would like to thank my distinguished colleague from Pennsylvania, the Honorable DOUG WALGREN, for taking out this special order and enabling each of us to pay tribute to Dr. James Wyngaarden, who is leaving the National Institutes of Health [NIH] after 8 years as its distinguished Director.

I came to know Dr. Wyngaarden through my service as a member on the House Appropriations Committee's Labor-Health and Human Services-Education Subcommittee. On many occasions, Dr. Wyngaarden has come before our subcommittee during the annual budget process to testify on behalf of the many programs and institutes which make up the NIH. During Dr. Wyngaarden's tenure at the NIH, existing programs have flourished and new ones have been developed and initiated in response to new challenges and demands. Due to Dr. Wyngaarden's leadership, the NIH has continued to develop in its role as a leader in many areas of research for the scientific community.

Dr. Wyngaarden's tenure at the NIH has been highlighted by substantial increases in overall appropriations for the NIH, research project grants, an increase in the length of project grants, and the budget for research in the NIH laboratories. Funding for these activities has doubled since Dr. Wyngaarden became Director of the NIH. It was Dr. Wyngaarden's leadership which enabled the NIH to mobilize its research resources to combat the onset of the AIDS epidemic. And, the enormous task of mapping the human genome was initiated by Dr. Wyngaarden as well as the recruitment of Dr. James Watson, Nobel Prize winner and codiscoverer of the structure of DNA, to head the NIH Human Genome Research Program.

Mr. Speaker, Dr. Wyngaarden considers his greatest success at the NIH to be the cultivation of the relationship between scientists at research centers and at the NIH. On both national and international levels, Dr. Wyngaarden became a spokesman for biomedical research, especially during the NIH Centennial. In addition, Dr. Wyngaarden represented the NIH on the national and international scenes by playing a key role in shaping the emergence of biotechnology.

Mr. Speaker, I also am proud to note Dr. Wyngaarden's efforts in increasing minority participation in biomedical research careers and in developing programs to assist predominantly minority colleges and universities in strengthening their research programs. Under Dr. Wyngaarden's leadership, the NIH was supportive of minority programs, such as the Research Centers in Minority Institution [RCMI] and the Minority Biomedical Research Support Program [MBRS]—two major NIH research grant programs which are targeted to minority researchers. I had the opportunity to work with Dr. Wyngaarden in 1985 to establish the RCMI program. This program provides institutional development awards to enhance the infrastructure of predominantly minority institutions so that such institutions are able to develop their biomedical research programs.

Other minority programs that continued to flourish during Dr. Wyngaarden's tenure include the MBRS program began in 1971. This program awards grants to predominantly minority institutions for the recruitment of faculty and students at minority institutions into biomedical research, to increase the research capabilities of such institutions, and to improve the faculty capabilities to conduct biomedical research. Both the Minority Access to Research Careers [MARC] and the Minority High School Science Apprentice Program are two other programs that encourage minorities to pursue careers in biomedical research.

In addition to promoting access to biomedical research programs and careers, the NIH has made efforts to initiate research of diseases which significantly affect the life expectancy and health of minorities, such as cancer, AIDS, diabetes, heart disease and stroke, sickle cell anemia, and infant mortality. The NIH began to include more minorities in clinical trials. Further initiatives aimed at minorities are expected to be developed by a new Office of Minority Health at the NIH for which 1990 funds have been earmarked.

Mr. Speaker, Dr. Wyngaarden leaves the NIH at the end of July. I am sure that my colleagues will agree that the major advancements made at the NIH over the past 8 years are a result of Dr. Wyngaarden's commitment to the scientific community and his leadership. I am pleased to join my colleagues in saluting the outstanding works he has done for the research community at large and the legacy he leaves at the NIH.

Mr. WAXMAN. Mr. Speaker, I want to add my voice to those recognizing Dr. James Wyngaarden's achievements during his 7 years as Director of the National Institutes of Health.

NIH is a very special Federal agency. Quite simply, the 13 national research institutes represent the crown jewels of our Nation's Government. During Dr. Wyngaarden's tenure, the NIH budget has increased from $3.57 billion in fiscal year 1981 to $7.3 billion in fiscal year 1989. New institutes, the National Institute of Arthritis, and Musculoskeletal and Skin Disease, and the National Institute of Deafness

and Communication Disorders, have been established to continue NIH's noble mission.

No institution, private or governmental, has done more than the NIH to improve health through understanding the nature of human disease.

Dr. Wyngaarden shepherded the agency through the difficult budget period of the Reagan years. Tremendous pressure was placed on domestic spending. We will probably never know of the intense bureaucratic battles Dr. Wyngaarden waged to preserve America's preeminence in biomedical research. He did not apologize for advocating increased levels of support for the health sciences. With the Congress' help, the interests of bettering human knowledge and maintaining U.S. leadership in the health sciences was achieved.

I am disappointed at Dr. Wyngaarden's departure. His will be large shoes to fill. His vision was great and the tasks facing his successor will be truly challenging.

We are only now coming to the realization of the sacrifices—personal and financial—of public service. To James Wyngaarden—physician and scientist—it is a special pleasure to thank him for a job well done.

Mr. CONTE. Mr. Speaker, I rise in tribute to Dr. Jim Wyngaarden as he leaves the National Institutes of Health after 7 years of outstanding service as its Director. Dr. Wyngaarden has served his country with distinction and with dedication. As a physician and a scientist, he fully devoted himself to the ultimate mission of the NIH—saving people's lives.

Biomedical research is an excellent investment in the health of America. The knowledge we learn from these programs helps our doctors to find new treatments. People across America and, indeed, around the world have benefited from our research programs at Bethesda. Everyone owes Dr. Wyngaarden a deep measure of gratitude for the progress he has forged at NIH in these past 7 years.

Mr. Speaker, as ranking member of the Appropriations Subcommittee responsible for NIH, I was most impressed with the good doctor's intelligence, sincerity, and thoroughness during his testimony before our committee. Every year, I looked forward to learning about the exciting progress that his scientists have been making. We on Appropriations will deeply miss his presence at our hearings.

Dr. Wyngaarden was committed to attracting the ablest minds in the country and to building the finest medical research program in the world. In spite of misguided efforts to slow biomedical spending, Dr. Wyngaarden, Chairman NATCHER of the subcommittee and I worked together to double NIH's appropriation to nearly $7.1 billion in fiscal year 1989. We all worked together to make sure this new money went to funding additional research grants, hiring the best scientists and doctors, and providing the highest standards of clinical care at the Institutes.

We in the House and our colleagues in the Senate have sent to the President for his signature a proclamation declaring the 1990's as the Decade of the Brain. This bold initiative will bring together our finest scientists and doctors to find cures for the most debilitating neurological diseases known to man, including Alzheimer's Disease, Muscular Dystrophy, and Huntington's Disease. Dr. Wyngaarden vigorously supported this initiative and he was instrumental in bringing this exciting new program to fruition.

Mr. Speaker, one of the proudest days of my life is when I attended the groundbreaking ceremony for the new child health neuroscience facility. This project means a lot to me because child health means a lot to me. After years of planning, Dr. Wyngaarden worked with me to make this project come true.

As everyone knows, AIDS has become the public health threat of the eighties. From the beginning, the good doctor confronted the AIDS challenge with fresh initiatives to fight this terrible disease. With his leadership and foresight, we quickly initiated and expanded funds for AIDS research at NIH to over $600 million last year with excellent prospects for continued growth in this vital research mission.

Tireless in his efforts, unwavering in his devotion to duty and forthright in his compassion for people in need, Dr. Wyngaarden has left his indelible mark as the finest Director of the Naitonal Institutes of Health. We all wish the good doctor well in his new endeavors. Dr. Wyngaarden, it is your energy and foresight that has made the NIH the undisputed world leader in biomedical research, and America is forever proud of you for your extraordinary efforts.

Mr. ROE. Mr. Speaker, today, we pay tribute to Dr. James Wyngaarden as he leaves the position of NIH Director after 8 years of distinguished service.

The past century has seen the National Institutes of Health [NIH] grow from a one-room laboratory in the attic of the Marine Health Service Hospital on Staten Island, NY, into a renowned biomedical research institution in Bethesda, MD. Throughout this century, NIH has achieved significant progress across all frontiers of science for health. The NIH Directors, past and present, are to be congratulated for the course they charted for biomedical research and the contributions the results have made to health promotion, the treatment and prevention of disease, and both the economic and physical health of the world.

As we all know, the mission of NIH is to improve the health of the Nation by increasing the understanding of process underlying human health, disability, and disease; advancing knowledge concerning the health effects of interactions between man and the environment; and developing and improving methods of preventing, detecting, diagnosing, and treating disease. Dr. Wyngaarden deserves, and has received, high marks for his effective stewardship in carrying out this mission. In doing so, he has demonstrated a unique ability to focus NIH resources on the biomedical research priorities which have the greatest opportunity to enhance the near-term and the longer term health of our citizens.

Dr. Wyngarden has given special attention to the most important aspects of advancing scientific knowledge in a cost-effective manner—cooperation and collaboration. Under his guidance, NIH has become an exemplary model of cooperation and collaboration, not only with other Federal organizations, but with academia, the private sector, and with investigators in other countries in developing and implementing research programs of mutual interest.

At the same time, Dr. Wyngaarden gave high priority to the implementation of sound principles of science policy. For example, in response to the 1986 Federal Technology Transfer Act, which was initiated by the Committee on Science, Space, and Technology, he established the Office of Invention Development to facilitate the transfer of technology from NIH laboratories to the private sector for further development and commercialization. This program, designed to encourage NIH scientists to enter into cooperative research and development agreements with industry to benefit public health while protecting each organizations' primary goals, is one of the most productive in the Federal Government.

While establishing prudent biomedical research priorities for NIH, Dr. Wyngaarden did not lose sight of the importance of balancing research with the availability of scientific manpower, public understanding of science, flexibility for scientific creativity and innovation, consideration of social and ethical concerns, and the influences of political interests. During his tenure at NIH, he generously shared his expertise and insight with the Congress.

Dr. Wyngaarden has been extremely helpful to the Committee on Science, Space, and Technology. Although the committee does not have direct responsibility for the authorization of biomedical research, we are responsible for assuring that Federal funds expended for science and technology are in the best public interest and that potential disadvantages of science and technology are minimized. In this regard, Dr. Wyngaarden has assisted the committee on a broad range of issues such as: The appropriate use of animal in research; coordination of biotechnology research; effective approaches to science education; motivating government/industry/university partnerships; mechanisms for setting priorities for science; incentives for enhancing technology transfer; and approaches to monitoring scientific misconduct. Through his testimony before our committee, he has demonstrated considerable expertise, not only in the understanding of these complex science policies, but in creatively developing administrative techniques which ensure that science and health policies will achieve the maximum benefit for society.

On behalf of the members of the Committee on Science, Space, and Technology, I wish to extend our sincere appreciation and gratitude to Dr. Wyngaarden for his outstanding contributions to science and the health of our Nation. Management of the world's most renowned biomedical enterprise is an enormous task—Dr. Wyngaarden is a master the Congress and the public shall long remember.

GENERAL LEAVE

Mr. WALGREN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore (Mr. BERMAN). Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

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OPPOSE RULE ON DEFENSE AUTHORIZATION

The SPEAKER pro tempore (Mr. BERMAN). Under a previous order of the House, the gentleman from Arizona [Mr. KYL] will be recognized for 30 minutes.

Mr. KYL. Mr. Speaker, I would like to discuss for a few minutes the rule on the Department of Defense authorization bill, and then specifically get in a little bit to the subject of SDI.

Mr. Speaker, this rule, I think requires some clarification because of the debate that occurred about an hour ago, and we will be voting on this rule in about 2 more hours, at 4:30.

I think our Members need to know exactly what this rule provides for. The rule should be opposed because, in effect, what it does is to deny the minority, many Members on the Republican side of the aisle, the opportunity to present their alternative ideas. In many cases, substitutes from our ranking Member were denied, and a variety of amendments, by Republican Members were deemed to be not in order when subjects similarly dealt with by Members of the Democratic Party were permitted. So it is not a fair vote, and it ought to be opposed for that reason.

There is another reason, Mr. Speaker, that the rule ought to be opposed, and that is because it does not permit Members time to debate the various subjects that are very important to the defense and to the establishment of defense policy in this country.

Our colleague from California [Mr. DELLUMS], with whom I rarely have any kind of substantive agreement, made a point with which I agree, that there are very important issues that will not get the time and debate they deserve. He has a couple of issues on SRAM T and Follow on to Lance [FOTL]. Those programs ought to be supported. We supported them in full committee. I expect the House will support them. He would like to eliminate the funding for them. He is wrong. However, the debate that he would encourage is an important debate, and we ought to have more than 5 minutes to discuss that.

The rule ought to be opposed. Now I would like to get into more detail with respect to SDI.

Historically, on the funding level for SDI, the committee has made in order a rule which would take the high and the low funding proposals and end up voting last on a level of funding closest to the committee mark. That has been done under the king-of-the-hill type of rule. This year, however, that is not the way it is done.

The amendment which has funding closest to the committee mark is my amendment, to fund it at zero growth $3.8 billion, last year funding level plus inflation. That is closest to the committee mark of $3.5 billion. However, instead of making the rule in order to permit the king of the hill to operate in a fashion where my amendment would be the last one considered, my amendment is the very first one to be considered, then the gentleman from California, Mr. DELLUMS' amendment, and then the gentleman from Florida, Mr. BENNETT's amendment. Mr. BENNETT's amendment is only for $2.8 billion.

Mr. Speaker, let me explain what the SDI votes are. They are basically 3 amendments: The first one is mine, which would establish funding at $3.8 billion. That is zero growth, representing last year's funding of $3.7 plus $126 million, representing the 3.4 inflation we had this year. The second amendment is the Dellums-Boxer amendment at $1.3 billion; and essentially that amendment would kill the SDI Program. It would not even permit the United States to keep up with the technological basic research, to know what the Soviet Union might be doing. The third amendment is the Bennett amendment at $2.8 billion, plus $245 million in the Department of Energy programs. Now, the Bennett amendment, likewise, would permit the United States to have very, very little more than a basic research program, would not let the United States decide in 4 years whether or not to go forward with SDI, would not permit that decision that the President has asked for, and it would not permit the United States to fund both short-term and long-term programs. We would either have to choose between short-term and long-term programs, or we would have to compromise both, in a way the Department of Defense says we would accomplish nothing. Those are the three levels of funding.

If all three amendments fail, then we will end up with $3.5 billion level determined by the Committee on Armed Services.

I might, for the purpose of the body, review the funding level that the Senate and the administration have provided.

The administration, the Reagan-Bush original budget, asked for $5.6 billion for SDI for fiscal 1990. Secretary Cheney, on the orders of the President, cut a billion dollars out of that funding request when he submitted the budget to Congress for $4.6 billion. However, the Committee on Armed Services cut $1.1 billion more from SDI funding, and took it down to $3.5 billion. Fortunately, the Senate has acted on this; the Senate Armed Services Committee, and in their wisdom, funded the SDI program at $4.3 billion, which is a very responsible and reasonable level of funding. It would be entirely appropriate, of course, for this body to bring the funding level up somewhere near the Senate, but obviously, we are not going to do that. I urge my colleagues, when the time comes, to at least support my amendment which calls for funding at $3.8 billion.

Now, there is another thing that is not fair about the rule, and that is that immediately after the vote on the SDI funding level, we vote on the three add-backs that it will be argued are only possible to achieve if we vote for the Bennett amendment, which would cut the funding down to $2.8 billion as I indicated.

It would be argued that only by doing that can we support the war on drugs, can we clean up the environment, and support the addition of additional conventional weapons that the gentleman from Florida [Mr. BENNETT] wants to add. That is not true at all. Mr. Speaker, we can vote for the drug interdiction money, we can vote for the environmental cleanup money, we can vote for additional conventional spending that the gentleman from Florida [Mr. BENNETT] proposes, if we desire; and we do not have to support the Bennett amendment on SDI in order to do that. This is not a reconciliation bill. This bill is too complex, with so many amendments to spend money, and to add back, and to take away, that it is not going to balance; we will not have balanced the books at the end of the process, and we do not have that obligation in voting for the very first set of amendments on SDI.

So it is not necessary in order to support the war on drugs and to support the environmental cleanup, to support the Bennett amendment. We can still support either the committee level or the Kyl amendment.

Mr. Speaker, I will conclude this point on the subject of SDI, unless the gentleman from Alabama would like to intercede here. I would be happy to yield to the gentleman.

Mr. DICKINSON. Mr. Speaker, I thank the gentleman for yielding. I was not going to speak specifically, but in most general terms. I would like to support what the gentleman is saying. As I pointed out, and I will point out again when we get into the bill itself, I am very distressed over the rule that was given the Members, and I am surprised that the gentleman from Michigan [Mr. BONIOR] was surprised as he said that he was, because at no time did I, as a ranking member, agree that this was fair, that this was equitable, that the interests of either the minority or the administration had adequately been addressed, or that we would be given an equal opportunity to advance our point.

As I mentioned earlier when we were discussing the rule, I think it was about four budget cycles ago, there were 144 Members that prefiled with

the Committee on Rules. Under the rules that had been propounded or promulgated at that time, we had to do that, in order, hopefully, to cut down on the number of amendments that were continually filed to the Defense bill, so that we could at least terminate the number of amendments and reach a final conclusion on the Defense bill. Of 144 amendments that were filed, 143 were made in order, and one was not made in order. That was because word came down from on high, to the Committee on Rules, that they did not want my amendment, the 1 amendment out of 144 that was not allowed, to be offered on the floor, was because it had to deal with Davis-Bacon and organized labor did not like it, so the Committee on Rules at someone's behest, disallowed the 1 amendment out of 144.

Well, this was some 3 or 4 years later, today, and I took comfort in a statement of our new Speaker when he said, "I will do what I can every day that I serve in this office to ensure the rights and the privileges of each Member of the House are respected and to ensure that the procedure is fair to all." This is a quote of our Speaker. I said, "Hey, we have turned the corner, this is a new day, and maybe in the minority are going to get a fair shake after all," and when we go to the Committee on Rules, they will take this up on the merits, and we will be treated fairly, even though they have 2 to 1 plus 1 vote on the Committee on Rules, maybe now is a new day and we will be treated differently, and things will be voted on on the merits, and we will be given a chance to vote up and down on issues, and we will see the cessation of the practice, if there is something that the majority wants, they waive the rules and do not enforce them, but if they want to enforce the rules and do not like something, they insist on the rules, but waiver of the budget, waiver of points of order, waiver of everything if they want. Well, they have the votes to do it, so nothing much we can do. So I am looking with anticipation and pleasure to the time and to the words of our new Speaker saying, "We are going to do everything to ensure that the procedure is fair to all."

□ 1500

So then we come to the Rules Committee with this bill, with 217 amendments that have been prefiled and that the Rules Committee was being asked to make in order. So the gentleman is talking about one amendment, and that is coming up on Tuesday.

The way the thing is structured, today being Monday, we will have the rule, with a vote on the rule up or down, and general debate on the bill. Normally we would have 4 hours of general debate, but by agreement between the chairman of the committee and myself, we said that 2 hours is enough. There is hardly a corporal of the guard anyway here to hear the debate, but we put it in the RECORD.

So we start on Tuesday with the amending process, and as the gentleman has pointed out, SDI is supposed to be the first thing out of the box. We had in committee said, "Well, we have a committee position, and that is $3.5 billion for SDI." There will be one amendment that will be offered. This was offered in our committee to at least fund it at last year's level, plus inflation, and that will be the Kyl amendment. There will be one to take it down below $2 billion, and then there will be another one will be at $3.1 billion, as I recall. That would be Mr. BENNETT's. And then finally we will vote on that as King of the Mountain, and even though the gentleman in the well is disadvantaged by having to offer his first, something has got to be first, so we can live with that.

Then immediately, and almost as an adjunct or part of it, though, they make in order these three amendments to say, "Hey, if you cut this by this amount of money, these three things will follow immediately." This talks about drugs, it talks of cleanup and conventional weaponry, and if we do not think that tilts it in that direction, if we do not think that skews it toward a vote to cut, then we are not being very practical, because, of course, everybody knows these three things are tacked on to follow immediately, just on the heels of the motion to cut, so then you can add back the things you want in your favorite program—drug enforcement, conventional weaponry, and toxic waste cleanup.

Mr. KYL. Mr. Speaker, if I might interrupt the gentleman right there, does the gentleman know why this was not done in the Armed Services Committee? I know we talked about it there, but why did we not go ahead and cut this money out of SDI in the Armed Services Committee for drug enforcement and for the environment?

Mr. DICKINSON. As I recall, there was money in the bill for drugs. There also was unexpended money last year in the Department of Defense for drug interdiction and the so-called drug wars, and the administration did not ask for this. This was an add-on.

Assuming all this is good, even the handling of it, though, makes it look as though it is tacked on. It is in effect tacked on, and it skews it in one direction. We cannot put any other spin on it; it is just there.

Mr. KYL. Mr. Speaker, if I can just make this point, in fact, it was announced in the full Armed Services Committee that that was the intention all along.

Mr. DICKINSON. Exactly.

Mr. KYL. To save the money.

Mr. DICKINSON. So that we would not cut it there because we are going to the floor with it so then it can be taken out and plugged into these favorite programs. And who is going to vote against drug enforcement? Who is going to vote against conventional weaponry when we need it? Who is going to vote against toxic waste cleanup? That is like voting against motherhood. Of course, we all understand the pragmatics of these things. So we are going to prejudice the funding of it because we know as a part of it that this follows.

Then we come to burden-sharing. I do not know why that is in here. It is certainly not a major amendment. Why it is No. 2 on the list, I do not know. They gave it 30 minutes.

Then we get into the procurement, which is my amendment to put in place of the Cheney budget. This is an amendment that was offered in committee, and it failed on a 26-26 tie. It simply says that the budget as it came over from the Department of Defense would be put back in place, which eliminates three things which have been added. The V-22 was added, the F-14-D was added, and at one point $1 billion for the Guard and the Reserve was added. Then if this should prevail, if my amendment for the Cheney budget should prevail, then the amendment of the gentleman from Pennsylvania [Mr. WELDON] was immediately stepping on the heels of that. They give 40 minutes to put these things back in. There is no space in between. The Rules Committe says, "OK, if he wins on that, immediately on the next amendment, you are up. You have 40 minutes to put it back in."

I have failed an amendment to strike each of these three things, which is a part of the package. What happens to it? Does it come up next? No. Does it come up the next day? No. It comes up the third day as amendment No. 25 if we get to it. That is given 5 minutes a side. And then it is a package that you cannot even attack on each individual element on it, that is, the V-22 or the F-14-D. You have got to vote for the whole package. This is an example, they say, that the procedure is free and fair to call.

Mr. KYL. Mr. Speaker, is the gentleman saying that you cannot vote independently? If you are trying to strike one of these programs, you cannot do it, that it is either all or nothing, the V-22 and the F-14-D?

Mr. DICKINSON. That is exactly right. The Rules Committee is bending over backward to be fair, as I heard this morning. They say you cannot vote for just one of these. If you want to vote for the V-22 because you have an interest in that but you are really not supportive of the F-14-D, you just have one vote.

Mr. KYL. You cannot separate them out?

Mr. DICKINSON. You cannot separate them out; you have got to vote for both of them. So we have a lot of general support for it in that way. That is what they call being fair. So you can go through the entire rule setting these things out, as to how they have structured it.

I had an amendment that was in order and that was germane to restore $300 million to the research and development budget of the B-2. What happened to it? In the Rules Committee they tentatively accepted it, and I am told by my members that they got up and were walking out of the room when one of the members came back in the room and said, "Wait a minute, I don't like where the money is coming from. It is coming out of the NASA space money, and I don't like that."

Even though it was add-on money and it was not in the budget as it came over, they went back in and said, "Well, we will disallow the amendment unless the author can think of something as an alternative."

This was 2 minutes before they voted. I was not there. This was Friday afternoon. I think I had gone. They said they would disallow it unless an alternative source of funding comes forward.

So I am not even allowed to offer the amendment now. That illustrates how fair everything is around here from the Rules Committee. So this is a travesty when we start to talk about fairness.

Mr. Speaker, I hope we will vote down this rule and try to send a message and see if we can get a little bit more level playing field.

Mr. Speaker, I thank the gentleman for yielding.

Mr. KYL. Mr. Speaker, I think this illustrates why so many of us are going to vote against this rule. When the ranking member of the Armed Services Committee cannot get his amendments in order and bring them to the floor and debate them, not guaranteeing that we are going to win, but at least to debate them, when that is not permitted by the rule, it does not suggest fairness.

Mr. Speaker, let me take my remaining time to talk a little bit about this SDI Program, because there has been some confusion about just exactly why we should have an SDI Program. I commend to my colleagues the fact that even with a $3.8 billion funding level, which is zero growth, the program is going to be cutback drastically. The administration supports that level of funding only because there is no amendment to fund it at the $4.6 billion level that was recommended by Secretary Cheney.

Why do we need SDI? Let me quickly go through six reasons why it is important to have this program. The first reason that we need SDI goes to the very point that President Bush made when he came into office and asked for a comprehensive review of our defense posture and our policy. He told the Department of Defense and others in the administration to challenge the assumptions, to ask the tough questions, including those about SDI, and when all of the work was done and the report came back, Mr. Speaker, the resounding recommendation to the President was that it was critical that this Nation continue our SDI Program to enhance deterrence. That is the No. 1 reason why we need the SDI Program, to enhance deterrence and place it on a more stable basis, a basis that relies upon defense in addition to the offense that we already have.

□ 1510

The idea, we all are aware, is that, if the enemy knows that he cannot succeed in an attack, then he will be deterred from attacking, and SDI will inject just enough doubt into that equation and complicate the plans of the enemy to an extent that we are confident that no attack would occur. That is what we mean by deterrence.

The second reason is that SDI will provide, at robust funding levels, a hedge against Soviet breakout of the ABM treaty. The Soviets have been spending much more than we have, 8 to 10 times as much as the United States has, on strategic defenses, and in fact has a partial defense, strategic defense, system in place. As a matter of fact, they have the components in place for a major breakout from the ABM treaty. So, it is critical that we have the ability to quickly put into place the same thing that the Soviets would be able to deploy. And whatever else is happening, Mr. Speaker, in the Soviet Union, whatever may be happening with respect to perestroika and glasnost, and whatever may be happening with the talk of reducing their conventional forces (so far it is only talk, no action, but they say that they will reduce them eventually) there is no suggestion in the Soviet Union that they are curtailing their scientific and technological research. As a matter of fact, Secretary Cheney has pointed out that in the area of high technology the Soviets are proceeding apace; so the second reason for SDI is simply to be able to match the Soviets in what they may do.

Third, as the Soviets evolve more mobile systems, we cannot hold them at risk with offensive weapons. Mr. Speaker, this gets into the B-2 debate we have already begun here. It is agreed by all of us that the B-2 is not currently capable of relocating targets that move around. We are talking now about the Soviet SS-24 and SS-25 missiles. Those are the missiles that are on railroad cars and are on trucks that travel throughout the Soviet Union. We could not find those weapons, and even a B-2 is not going to be able to find those weapons. As a result, the mobile systems of the Soviet Union are really immune from an attack by the United States, and we cannot hold them at risk. As a result, they have the capability of launching a first strike against us with these weapons. We must, therefore, be able to defend against those weapons, and that is what SDI does.

Mr. Speaker, The United States must evolve to a mix of both offense and defense in order to have the most credible deterrent. That is what SDI does.

I might note, Mr. Speaker, that the Soviets have always followed this policy.

The fourth reason for SDI is that it provides an insurance policy with respect to our START negotiations. Think of this, my colleagues, that, as the number of warheads is reduced under the strategic arms limitation talks, where we get down to 50 percent of the number of warheads we currently have, and maybe much, much below that, then cheating places a much higher risk on the United States.

It's a lot like two people that have six guns facing off, and there are five or six bullets in the chamber. Say five bullets, and the other one cheats and puts one more bullet in. That does not make a difference. But, if each side only has one bullet, and the other side cheats and puts in another one or two bullets, he obtains the maximum advantage, an order of magnitude advantage.

Mr. Speaker, with SDI there is an insurance policy against cheating because it does not make any difference how much the Soviets cheat, how many-additional warheads they have. We have an insurance policy to protect us from those warheads coming onto the United States, and, Mr. Speaker, I would note in that respect that the American people overwhelmingly believe that we should have this kind of protection.

Mr. Speaker, that gets me into the next reason, the fifth reason, for SDI, and that is to protect us against an accidental launch or a launch by a Third World country. According to a recent statement by the CIA Director, William Webster, there are going to be 15 countries within the next 10 years that have ballistic missile capabilities. If any of those countries decide to put a chemical warhead on any of these missiles, and they are very easy to manufacture, then they can hold at risk the population of the United States, and we have absolutely no capability of defending against that whatsoever. We cannot stop that kind of a missile, nor could we stop an accidental launch by the Soviets or some other power.

As a result, Mr. Speaker, we need SDI which could provide us with that kind of protection; and again, the American people wonder why we do not have that kind of protection. With all of the money that we are spending, why have we not seen fit to protect our people against this kind of attack?

Finally, Mr. Speaker, SDI would promote the United States' negotiating position in both the START and D and S talks. Ambassador Rowny has recently confirmed this. He said that the SDI would tell the Soviets that the United States has the will to protect its people. We will not be deterred by the Soviets from engaging in this kind of a research program and ultimately deploying it because it is a nonthreatening way of providing protection for us and, therefore, deterrence. It increases our leverage in these START talks and conversely, Mr. Speaker, a unilateral reduction in SDI funding, where we get no quid pro quo from the Soviets whatsoever (where we just reduce the funding down to the Dellums or Bennett level, for example)—this simply tempts the Soviets to sit back and wait for us to make additional concessions. The Soviets would say, "Let us agree to nothing at the bargaining table, because, after all, that compliant U.S. Congress may give us something more next year, so why should we negotiate with them at the bargaining table?"

Mr. Speaker, these are all reasons why we need SDI.

Let me close with the subject briefly of whether we can afford SDI. Obviously the first question is, "What price freedom?"

At the Cheney request, SDI is just a little bit over 1 percent of our defense budget, 1 percent, and it represents about four-tenths of 1 percent of the entire U.S. Federal budget. We spend more money going to the movies than we are talking about spending on SDI. We spend almost as much money buying panty hose in this country each year than we are talking about funding for SDI.

Mr. Speaker, where are our priorities if we cannot provide this level of funding simply to find out the answers to the questions that our scientists have been asking? Can we build a deterrent? Can we build a system that will protect the United States against a strategic attack?

Over the next 5 years SDI will spend not much more than the V-22 Program, or then the small ICBM Program, and less than the B-2 Program. So it is not the major spending program of the defense budget.

In conclusion, Mr. Speaker, we know the cost of this program has gone down as technology has progressed through miniaturization, and mass production and so on. We have reduced many of the component parts of this program to a fraction of their original cost. SDI is a cost-efficient program. We can find out the answers to the questions that we have been asking, and all we ask, those of us who ask for a robust funding level—at least last year's level of funding—is that the funding go forward and allow us to do the tests to answer the questions of whether it will work so that we can make a deployment decision within the 4 years that President Bush has requested.

Is that too much to ask, Mr. Speaker? I think not, and that is why I will urge my colleagues to support the Kyl amendment which has the modest funding level of zero growth, last year's funding level plus inflation. I will ask my colleagues to defeat the Dellums amendment and to defeat the Bennett amendment and support SDI at a level that at least permits us to maintain the same kind of program that we had last year.

In conclusion, Mr. Speaker, I ask my colleagues to vote against the rule, which denies us a fair opportunity to present these issues, and then to support my amendment funding SDI which is before the body.

STRENGTHENING THE CLEAN AIR ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington [Mr. SWIFT] is recognized for 60 minutes.

Mr. SWIFT. Mr. Speaker, this is an important day in a 10-year struggle to amend, and improve and strengthen the Clean Air Act. It is important because today is the day that President Bush has sent his proposal, legislative language, to the Hill, and the EPA Administrator Reilly has testified all day long at a hearing held by the Health Subcommittee of the Committee on Energy and Commerce of the gentleman from California [Mr. WAXMAN] on that legislation.

□ 1520

It is an important day, because with the President joining this issue in good faith, it may provide the impetus necessary to at last move in this important area of legislation. There has been a 10-year stalemate, and very frankly some of the reasons for the stalemate have been an unnecessarily strong pride of authorship by all parties, a kind of certitude by everyone who comes from all the various angles to this issue, that they were the only ones with the answers, a real difficulty in admitting that any other proposal other than one's own might have merit.

If we are going to finally pass improvements to clean air legislation on the books in this country, we need to stop the turf battle and instead do some careful an objective analysis of the issues that are involved in an effort to get a package of legislation that will address the ozone areas, the nonattainment areas, acid rain, and air toxics.

Because a number of Members believe that it is important to provide that kind of objective analysis, today a number of us wish to take a look at President Bush's proposal as it comes to Congress. We want to evaluate specifically in this special order the ozone section. We want to point out where we think the President is on the right track and we want to point out where we think his proposal can stand considerable improvement; but it is important to note that we do not reject the proposal out of hand, but believe that it is heading in the right direction in a number of areas and we will make our criticisms in the most positive sense, criticisms not of his intent or sincerity, but rather areas from which our perspective there could be significant improvements in the proposal.

First let me give you just a little background on who those of us who wish to participate in this special order are. We are a group of kind of middling seniority members of the Democratic side of the Energy and Commerce Committee. There are nine of us. We began in the last Congress to try to see what we could do to bring about at last some agreement so that we could settle upon a clean air bill that could pass this Congress and go to the President for signature. In the process of doing that, we found that while we had started out essentially with an intent to move the process, we found we could only do that by becoming deeply involved in the substance.

Someone dubbed us the group of nine, which got shortened to G-9 and a so-called G-9 proposal has been kicking around for almost 2 years and is currently in legislation here in the House this year as H.R. 99.

Our purpose was to try to use the substance to demonstrate where reasonable and rational compromises could be made and still have a bill that was a strong improvement over current law.

We are gratified that a great many of our ideas have been included in bills that have been introduced subsequent to the development of the G-9 proposal. Great pieces of our proposal are included in the bill of the gentleman from California [Mr. WAXMAN]. Great portions of our proposal are included in the President's bill. There are still differences, and that is natural.

We believe that those need objectives analysis, rather than just some kind of turf protecting criticism, and that is what we propose to try to do today.

Mr. Speaker, at this time I yield to the gentleman from Tennessee [Mr. COOPER], a gentleman who has put a

great deal of work into the efforts of the group of nine.

Mr. COOPER. Mr. Speaker, I thank the gentleman for yielding to me.

I think the gentleman from Washington [Mr. SWIFT] who has been a de facto leader of the group of nine, who has kept us at our work, kept us doing our jobs in private sesisons over many hours, many weeks, many months, I think it might be useful to describe the philosophy behind the group of nine, not only our interest in moving the process along, not only our willingness to get deeply involved in the technical substance of a lot of these provisions, but also our willingness to really come up with new proposals that have not perhaps been thought of before, new ways of looking at old problems, instead of just refighting the old battles. So much, as the gentleman knows, of what we have been here on the House floor and other places is the continuation of old struggles, rather than trying to take a simple, fresh look at the problem, and deciding as we think probably the average American would decide it if the average American had the time and the interest to look into some of the details, rather than just take say the industry approach or the environmentalist approach, trying to take a commonsense approach to that we can strike some sort of balance between interests, because we all have an interest, of course, in clean air and breathing clean air as quickly as possible, and that should come first, and yet in all the old struggles and old battles, as most Americans know now, we have waited for amendments on the Clean Air Act for what—over a decade now. It has been a process of tremendous stalemate.

I felt another important aspect of the work of the group of nine was the willingness to be realistic, to be honest with the American people; not to set up false deadlines that we would all like to meet, but set up realistic dealines and allow enough time for planning so that our mayors, our county executives, our governments, all those in responsibility in the chain of command could have time, not to dilly-dally around, but time to carefully plan so that we could achieve the least cost solutions to these problems, time so that they would feel the Federal Government was treating them fairly, not making them jump through hoops, but taking a careful step-by-step process to actually achieve the reductions that we claim we are going to achieve.

I think the gentleman and I both share the feeling that in past legislation a lot of false deadlines have been set up, a lot of deadlines that no one intended to meet, and therefore it has created at lot of cynicism and disillusionment about our Government. It has created a lot of false expectations on the part of the American people; but nonetheless, even realizing all this, it is still hard, and I think our group has been somewhat brave in trying to be realistic about these deadlines and to tell the American people the truth, to be honest with you, that some cities probably cannot be cleaned up by the year 2000 no matter what we do, even if we did everything we know how to do, even if we were willing to pay all of our money to do it, the pollution problems in some areas are so bad that not even an effort by the year 2000 could do the job; but nonetheless, we want to try to do our level best by the year 2000 to go ahead and do the best we can, because as I said earlier, all Americans want to breathe clean air and want to breathe it now.

I would like, with the gentleman's permission to look at a particular aspect of President Bush's new proposal, a proposal that was just publicly disclosed last Friday, a proposal that just received its first committee hearing today in the subcommittee of the gentleman from California [Mr. WAXMAN] of the Energy and Commerce Committee. I would like, consistent with the spirit of the gentleman, to describe and give very positive criticism, and I would like to point out a feature that I like and a feature that I do not like of the President's approach.

The features of the President's clean air proposal that I will comment on are the result of the invisible fumes that naturally rise from gasoline whenever it is exposed to the open air and evaporates. These fumes are a type of volatile organic compound or "VOC."

These are deadly fumes. The smell is not very offensive when you refuel your car or whenever you unscrew the cap on a gasoline can, but it is still deadly when inhaled in large quantities. I had a childhood friend who nearly died as a result of smelling too much of these fumes.

Some gasoline evaporates faster than other types. A measure of how quickly gasoline fumes are released has been formulated; it's called Reid vapor pressure or "RVP." The higher the RVP, the faster the gasoline evaporates; the lower the RVP, the slower the gasoline evaporates. Of course, all gasoline evaporates faster when temperatures rise. This means that gas fumes are particularly bad in the summer.

It is almost impossible for the average American to detect differences in RVP between different types of gasoline because these fumes are invisible. Few Americans realize that our gasoline has become much more evaporative in recent years, that the RVP has gone up.

This increase in RVP fumes seems to suit the needs of gasoline refiners and of the oil industry in general rather than the automobile industry. Cars seems to be able to work just as well at lower RVP levels.

The EPA finally realized several years ago that with the billions of automobile refuelings and mileage traveled every year in America that something needed to be done about the tremendous volume of fumes released in the air. EPA set an uppor RVP limit of 10.5 pounds per square inch for gasoline so that gasoline would not be allowed to be more evaporative than that. Some States have gone further than EPA by lowering the RVP even further.

The Bush clean air plan deals with this issue in a way that I, and the group of nine, like, and a way that we dislike.

The "like" is the way the Bush bill continues the downward trend in RVP to 9 pounds per square inch by the year 1992. This reduction will not only reduce the amount of gasoline fumes in our air, but will also do it in the most cost effective manner.

The recent report released by the Office of Technology Assessment [OTA] just last week indicated that RVP reductions are probably the cheapest way, not only to reduce gasoline vapors, but all types of VOC's. The OTA estimates that it will cost only $120 to $750 per ton of VOC's removed for gasoline refiners to change their practices. This is in contrast to the $2,000 to $3,500 per ton cost for most other pollution reduction strategies.

OTA-2 REFERENCES-RUNNING LOSSES, EXHAUST-HEAD OF STEAM

The group of nine likes this Bush proposal not only because we have had a very similar approach for over a year now, but also because we feel that the average American wants the most cost-effective way to reduce urban smog. We feel that no American wants to throw money at a problem, not even if it is a pollution problem. It's against the interests of everyone, including environmentalists, to waste our money on inefficient cleanup.

My "dislike" of the Bush plan stems from the fact that even with lower RVP, many, many tons of gasoline vapors will be released with car refuelings and other gasoline vapors releases.

The debate on how to minimize car refueling evaporations has become very specific and polarized.

One camp maintains that every new automobile should be built with an "onboard canister" to collect the fumes that accompany each refueling. This argument maintains that it may be as cheap as $14 per car to go ahead and admit that each refueling creates pollution problems and build in a solution on each car.

The opponents of this approach argue that onboard canisters may be

dangerous in an automobile collision. The National Transportation Safety Board and the EPA has had a running feud on this issue with no clear conclusion.

The other approach involves, not an automobile-based solution but a filling-station-based solution: a vacuum hose connected to the gasoline nozzle at the pump in order to collect refueling vapors. This double-hose contraption goes by the name of "stage II vapor recovery" and costs about $30,000 per station for installation and more for annual maintenance.

The opponents of "stage II vapor recovery"—stage II—say that the double hoses are heavy, cumbersome, and expensive, and therefore anger consumers. Several areas around the country such as Washington, DC, already have installed stage II and it has received a mixed reaction.

Comparing and contrasting "onboard canisters" and "stage II vapor recovery" has taken years of EPA time. Sometimes the debate turns on whether the automobile industry or the gasoline retail industry can do a better job of absorbing or passing along the costs of change.

Other criteria for decision include the speed and completeness of cleanup resulting from each technique. Onboard canisters would affect every car in every area, urban and rural, nationwide, but only as quickly as the Nation's auto fleet turned over, which takes a decade or more. In contrast stage II begins pollution reduction in the key urban areas almost immediately, as soon as the service stations can install the equipment. Of course, stage II equipment wears out after a decade or so and would have to be replaced or substituted.

My "dislike" of the Bush plan is that it chooses stage II vapor recovery and drops the onboard canister approach. The group of nine feels that the Bush plan therefore ignores what may be the safest, most convenient, lowest cost option of onboard canisters, in favor of an expensive, cumbersome burden on retail gasoline station, many of whom may be unable to pass along the cost of the stage II equipment.

The group of nine has a different and, I think, better solution. First, we require EPA to choose within a year between stage II and onboard. Since most people feel that onboard is cheaper, presumably only a significant safety problem would prevent onboard from being chosen. Even if stage II is chosen by EPA, we pay for the capital cost of it by placing fees on automobile sales since car companies are better able to pass along costs to consumers than mom and pop filling stations are. We felt that this would not only protect more small businesses, but minimize the incentive for car companies to attack onboard canisters if they are going to have to pay for cleanup regardless.

We in the group of nine feel that we have allowed the onboard/stage II debate to be decided on the merits, once the EPA has finally collected adequate information. To us this is the fairest, cheapest way to solve the refueling vapor problem. Of course, in severe urban smog areas, cities may still choose both stage II and onboard. It would be a mistake, as the Bush bill does, to give up on the onboard canister option before we know enough about it.

□ 1540

Mr. SWIFT. Mr. Speaker, I thank the gentleman from Tennessee for not only his contribution here, but his enormous contribution to the deliberations of the group of nine over the last 2 years.

Mr. Speaker, I am happy to yield to the gentleman from Illinois [Mr. BRUCE], another member of the group.

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

It is interesting that today as we start the whole process of enacting another clean air bill with the President's proposal before our committee today in a hearing in which we had the Administrator of the EPA come and testify some 5½ hours, to reflect back on where the group of nine got started, and why it is we are taking out a special order to talk about clean air, and how we contrast, compare, and compare favorably I think with the President's proposal. There were nine members of the Energy and Commerce Committee, what we could probably classify I think as nine moderates. It is interesting that they are scattered throughout the United States. Mr. SWIFT, who has been sort of the de facto leader of our group is from Washington State; Mr. COOPER, who just spoke, is from Tennessee and brought a perspective from that part of the country; myself from the State of Illinois, JIM SLATTERY from the State of Kansas, who obviously was an active player, BILLY TAUZIN from Louisiana, MIKE SYNAR from Oklahoma, Mr. BOUCHER from Virginia, PHIL SHARP from Indiana, and Mr. ECKART from Ohio.

Those nine Members sat down for a long time, more than a year, and indicated that they wanted something to happen in the area of clean air. It appeared to us that we had passed the Clean Air Act in 1970, that we had made a good deal of progress, but had seen some slippage. Major amendments to that bill came in 1977. From 1977 to 1988, when we first started this process, there has not been any substantial agreement on the direction this country ought to take in clean air legislation.

So we started having meetings, we started getting together almost daily, but certainly weekly. I think we had well over 100 meetings in which our staffs got together, we were together, and we met with every kind of organization, trade association, manufacturers, consumers, environmental groups, health groups, the EPA itself and others to come up with some sort of legislative enactment. That effort ended up with the production of H.R. 99, which dealt with ozone nonattainment, and we thought put into effect some reasonable guidelines, and started to move the debate in the committee from not doing anything or opposing all legislation to drafting a piece of legislation that we could support with a majority of the members of the subcommittee, and on into the full committee.

It is a costly process, and it is very difficult to get agreement. The President's proposal, which we are starting to debate today in our subcommittee, costs between $14 billion and $19 billion. There are many people who are concerned about the approaches taken, and the different ideas that can be utilized to clean up the area which may affect different industries in different ways. For the last 8 years we have not had administration involvement in this whole debate that has been raging both in the House and the Senate on clean air legislation. So when the clean air legislation was sent up by the President last Friday, that was the first serious and most comprehensive environmental proposal that we have seen come from the White House in this decade. In fact, the administration really made that point, that in this decade it is the first time that the EPA has in fact put before this body their views. We have been basically operating in a black box. The legislative branch here has been working trying to figure out what it is we ought to pass, and what we could send, to the White House and have signed into law. At this time we now have the White House's proposal, and it is somewhat like a lightening rod. It is going to be struck by lightening a couple of times as we bounce it around. It is a very comprehensive proposal, and when we have anything that is wide-ranging it has many good aspects and it will have many problems.

So what we thought we might do today in the group of nine is compare some of the things that we have done in our proposal and take a look at the President's proposal and outline it for the Members of this body. There are two areas that I would like to talk about, autos and alternative fuels provisions of the President's proposal. They are two areas that are often interconnected by the President in his proposal, but we get very different reactions from the group of nine.

When we start talking about tailpipe standards, the mobile source emissions standards, the group of nine is very pleased with the tailpipe standards set in the Bush bill and what he has said in testimony through his EPA Administrator to date, because they are very similar in many respects to the standards set by the group of nine after our 12 months of research, hearings, testimony and working within ourselves and with different organizations. We recognize that tailpipe emission standards are an important part of any environmental cleanup. Even though clean air legislation has already reduced emissions of nonmethane hydrocarbons and carbon monoxide from mobile sources, from cars, by some 96 percent, and nitrogen oxide by 76 percent, there is more to be done, and we have worked with the producers of automobiles in this country, with the producers of light trucks and heavy-duty and off-road vehicles trying to figure out what those standards should be. Even though we have gotten down by 96 percent and 76 percent, we have to do more.

Why do we have to do that? We found out that even though we have reduced the amount of emissions, the total number of miles has increased. There has been a fairly rapid increase in vehicle miles traveled over the last 20 years, The group of nine and I think the President realized that tighter auto emission controls were essential for many cities to reach attainment.

□ 1550

At the present time we have 76 cities that are not in attainment under the standards set forth by the 1970 Clean Air Act and the 1977 amendments thereto.

In 1977 we thought we ought to improve the clean air standards. We have done that. The problem is that during that time we have now found a number of cities across this country that are not in attainment.

Both H.R. 99, the proposal of the group of nine, and the President's proposal tighten tailpipe standards on nonmethane hydrocarbons from 0.4 grams per mile to 0.25 grams per mile. These figures may get very confusing, but the major point or thrust of both proposals, the President's and the group of nine, is that we want to take out additional hydrocarbons that are the problems and precursors for ozone creation.

On nitrogen oxide, the President set a level of 0.7 grams per mile.

You know, both of these ideas from the group of nine and the President are phased in over a period of time and they eventually go to the in-use certification of automobiles.

We have a very elaborate testing facility at the EPA, and also at every automobile manufacturer in this country. Once we set these standards, it is not a question of setting a standard and not watching it; not only do they have to meet certification in the very beginning but after we have certified the automobile as meeting the standard, there is what they call an in-use standard.

We have worked with the President's proposal and taken a look at his in-use standard. When the automobile is produced, it is perfect, no one has ever gotten in it, the young lady or young man in the home has not driven it around the neighborhood and let it get clogged up or anything. It is an absolutely perfect automobile.

With in-use, we do a test and then we try to find out the standards it needs to meet several miles down the road.

The group of nine allows EPA to change the standards for purposes of in-use compliance. In other words, after it has been used by the family, if they have to have some standards to be changed, they could do that, but only if the EPA found that the in-use standards were not technically feasible.

In other words, if you put in the wrong kind of fuel, if you do not keep the car maintenance program up, if it is not inspected at the appropriate times, then the in-use standards would not be met and the EPA could, in fact, say we have to have tougher inspection and maintenance programs.

The administration in their proposal moves to an in-use standard quicker than we do. We think that is an admirable goal. We think they may be able to do that.

But in our hearing today it became quite clear that they had waivers that are very successful where they could waive standards for whole engine groups of automobiles for a few years, and because of that we are certain that the standards that the administration set on in use are any more stringent than those proposed by the group of nine without the discretion.

Also the administration proposal allows for averaging. At the present time each vehicle that rolls off the assembly line must meet the standards, must be certified to that standard.

Under the proposal of the Bush administration, although they have moved the standard down, the difficulty is that they have averaged that. So some cars will be above the average and some cars will be below the average.

We have done that and allowed that for averaging of fuel economy, in other words, CAFE, corporate average fuel economy; they are concerned about what that means when you are talking about a health-based standard. Are you going to allow some cars to go above the requirements in the law and some below? The problem is we do not know. If we stand on a local street corner as we go to our schools and we go to our homes every day, we do not have the choice of averaging what we breathe, we just have to breathe what is at the corner where we are standing as we wait for the traffic light to change.

The President's bill also takes the group of nine's cold-start standard but tightens it to apply at 20 degrees.

Automobiles that emit a great deal of poor-quality air right when they are first started, when they are cold started, is one of those areas where we have been debating. We have met with a lot of industry representatives and a lot of environmental representatives to find out exactly where we ought to put the point of approval. There is no CO cold-start standard right now. We are going to implement one. The President wants to put it at 20 degrees. We think that further tightening is made completely discretionary by EPA, and we expressed some concern about that as a group. We can make the standard and there ought to be a point at which we say this is the cold-start standard that we want, and then allow the automobile manufacturers to know that that standard is there and they are going to have to produce that.

Under the group of nine proposal the EPA must set a tougher long-term standard unless they find it is technically unfeasible.

So we put the shoe on the other foot by saying, "Meet this standard unless you can prove to us and to the EPA, that you cannot make the standard.

Then we change the whole question of what to do with urban buses, how we are going to handle the intercity transportation system. And the President's proposal which he brought forward to us on Friday requires a phase-in of all urban buses to use alternative fuels, beginning with 10 percent of all buses purchased in 1991 and increasing to 100 percent of the new buses purchased by 1994. We think that that is an excellent proposal but we must also realize that urban buses are only about 3 percent of the problem. So even though you go to 100-percent alternative fuel buses by the year 1994 on new buses, some of the old buses are going to be maintained far beyond the 1994 level. They will not replace every bus with alternative fuel buses by 1994, just the new ones.

There is also a concern with discretion, again, given to the administrator to delay the program for any number of reasons.

Switching to the alternative fuels vehicle programs for the cities farthest from attainment of the ozone standard requires clean fuel vehicles to be produced, distributed and sold. We began with one-half of a millon vehicles in 1995, on up to 1 million vehicles from 1997 through 2004.

The bill requires whatever fuel is chosen in each area to be available at service stations selling 50,00 gallons of fuel each month. But, you know, we still have no guarantee that anyone is going to buy these cars, and again the administrator can delay the program for 2 years for a variety of reasons.

We are concerned about how the manufacturers of automobiles are going to know which vehicle they should be producing up to 1 million vehicles a year, and whether it's going to run on methane, ethanol, MBTE or EBTE, two derivative fuels, or a compressed natural gas or LP. We certainly applaud the President's desire to increase the use of alternative fuels because the environmental benefits of these fuels are very substantial. But there is some disappointment with the previous position of the White House toward methanol fuel, which has its own problems.

Speaking only for myself, the ethanol portion ought to be more strongly considered by the President's proposal.

The Bush legislation bases a choice on what fuels to mandate on automobile manufacturers' projections of what they can sell in consultation with State and local governments.

But since the automobile industry has already expressed a preference for methanol, we have to wonder whether it is really fair to the other fuels to have that kind of predisposition toward methanol and whether they are going to give fair consideration in reality to the other fuels. It does not give us any comfort to know that important people in the White House are leading cheers for the use of methanol. Our approach is different from the President on alternative fuels.

We prefer our proposal, our approach of focusing on fleets which own their own refueling facilities, as the best way to ensure fuel availability and a level playing field.

There are many utility companies, cities, phone companies, others who have their own fleets. People who can get their own fuel have the availability of it and the manufacturers can build to that demand of fleets.

□ 1600

Given that these areas are small portions of the cleaner air problem, it is obvious that over the next several months, the debate will be filled with technical and complex debates, and we ask the Membership to be alert to that.

Overall, we are quite pleased with the direction of the President, on tailpipe standards, but we have serious concerns with his alternative fuel programs. As we go through these debates, I will be working with my colleagues in the group of nine, to be sure we reduce ozone and carbon monoxide in a reasonable and effective manner. I will be working with the Subcommittee on Health and the Environment, and its chairman the gentleman from California [Mr. WAXMAN] to make sure that, in fact, we get a majority vote to move environmental legislation to clean up the air this year. I will also work with the chairman of the full committee to make sure we can bring a proposal to the floor, this year.

However, I think the major thing is that the group of nine has moved that indicator from not doing anything, to doing something very much closer this year, and certainly with the introduction last Friday of the President's proposal, we have seen the group of nine actually have an effect. Much of the President's proposal is within the group of nine relating to ozone nonattainment. We are pleased with his proposal, and welcome him to the debate, and hope we can formulate our policies jointly to get clean air legislation to his desk.

Mr. SWIFT. Mr. Speaker, I thank the gentleman from Illinois not only for his comments here today but also for the hours and hours and hours of work that he has put in as the group of nine fleshed out this proposal.

As anyone listening to this debate might understand, this is a pretty technical business, and it is not just a case of sitting down and flipping a coin and making some easy compromises, and having a bill. We all learned more about clean air than any of the members wanted to, when we went into the process.

As the remarks of the gentleman from Tennessee, and as the gentleman from Illinois' remarks and the remarks coming up of the gentleman from Ohio [Mr. ECKART] will indicate, this is highly technical and needs to be approached in a calm and analytical way, if the compromises are to be made, that will get Americans an improvement of the bill on the books in this Congress.

Mr. Speaker, I am happy to yield to my good friend, the gentleman from Ohio [Mr. ECKART].

Mr. ECKART. Mr. Speaker, the transmittal to Congress this past Friday of President Bush's Clean Air Act reauthorization proposal was a long-awaited and welcome development in the effort to move this important legislative process forward.

As members of the so-called group of nine—nine energy and commerce Democrats who have authored their own proposal and spent a good year and a half deeply involved in the clean air debate, we would like to comment on the President's legislative initiative.

I am pleased that certain of the ozone and carbon monoxide nonattainment provisions of the President's bill closely resemble in many ways those of H.R. 99, the group of nine bill. Like H.R. 99, the President's proposal recognizes the importance of comprehensive, accurate emissions monitoring and planning for attainment as something we absolutely must ensure if we are to avoid repeating the failures of the past. The President's bill also recognizes that the development of improved emissions inventories and air quality models may require significantly more State and local financial resources than have previously been committed to such activities.

The higher costs associated with improved inventories and modeling, however, are still minimal when compared with the billions of dollars in control costs associated with ozone and carbon monoxide. Furthermore, by increasing spending to develop a better data base, as well as a more refined and adaptable plan, several billion dollars of control costs may be saved. It is an extremely cost-effective action to increase the resources devoted to emissions inventories and modeling.

Nevertheless, as the President has recognized, few State and local governments have the resources within their annual budgets to pay for these tools, regardless of their cost effectiveness. For this reason, the President's proposal, like H.R. 99, establishes a small user fee applied to emission sources, the proceeds of which would go toward funding planning and monitoring activities. I am pleased to note the President's bill, inclusion of this user fee, it is especially appropriate, in my view, to finance attainment planning functions this way since it is the emission sources themselves who will eventually reap the economic benefit of more cost-effective attainment strategies.

In the area of suggested improvements to the President's bill, I'd like especially to note my concern with the amount of discretion the proposal leaves to EPA in running the attainment program. As many will remember from the Superfund reauthorization debate of a few years ago, I am a proponent of the EPA Administrator being left an appropriate measure of flexibility and discretion in regulatory policy—especially in technical matters.

However, in his proposal for bringing our Nation's urban areas into attainment of the ozone and carbon monoxide air quality standards, the President has tipped the scales too far. The EPA Administrator has been left with so many questions to decide for himself that not only is Congress' policymaking role infringed upon, but it is difficult to see how the program will not bog down in endless policy debates and protracted litigation. Too much discretion may result in nothing being done, both with regulations and sanctions.

For example, under the President's proposal, a State's failure to submit a plan providing for an area's attainment of the standard, or failure to implement the plan, does not result in an

automatic sanction, as is the case with our bill. Rather, the Administrator is first required to publish in the Federal Register a determination as to whether the State is making reasonable efforts to cure the failure before he can impose a sanction. This determination unnecessarily interjects a very subjective standard into an otherwise objective situation, only inviting litigation and delay. The same is true when the Administrator wants to lift a sanction.

This problem persists in another key aspect of the President's bill—the proposal for controlling emissions from consumer and commercial solvents. Unlike H.R. 99, which gives the EPA Administrator specific direction as to the amount of emissions reductions he must achieve from consumer and commercial solvents, but leaves to his discretion the proper technical means of achieving the reductions, the President's bill leaves it entirely to the Administrator's discretion whether to isssue the regulations at all. This seems inappropriate given the significant contribution that emissions from consumer and commercial solvents make to the ozone nonattainment problem, and whether EPA decides to issue the regulations or not, the Administrator's decision is certain to be litigated.

Other provisions of the President's bill present this problem as well—adjustable deadlines and emissions offsets requirements spring to mind. Nevertheless, though I do not agree with many aspects of it, I am greatly encouraged by the seriousness of the President's Clean Air Act reauthorization proposal, and look forward to an open and constructive debate on these very important issues.

Mr. SWIFT. Mr. Speaker, I thank the gentleman from Ohio, whose contribution to this particular matter was enhanced by the expertise he developed and the leadership he provided in the last Congress, with the very difficult issue of renewal of the Superfund legislation.

Let me conclude this special order by talking about one of the most underlying similarities between what the President has proposed and what the group of nine have proposed, and taking issue with one other aspect of the President's proposal.

In the past, those in the initial authorizing legislation of clean air and in a general renewal, arbitrary deadlines were set for the States to get started on cleanup. The deadlines were set earlier than anyone believed could be met. There was a purpose for that. The purpose was to drive technology, by establishing very rigid and very early deadlines. The idea was Members would force States, industries, to develop the technology necessary to meet those standards. The fact is, that that may well have worked. However, we have arrived at a point at which most States have failed now, twice, to meet the deadlines established in the law.

It was the judgment of the group of nine that States can cry wolf so many times. First of all, most of the technology that was in the pipeline, that could be forced out, by this technique, has been forced out.

□ 1610

The pipelines are not full with nearly developed technology that can simply be accelerated and pumped out to help us deal with the clean air problem. And, second, if we repeatedly establish deadlines that we do not expect to be met, we are inviting people to simply no longer take the deadlines seriously.

The group of nine took a different approach. They said that what we are going to do is give the States a realistic amount of time to do two things—to carefully evaluate, source by source, the sources of pollution in their States. That is by smokestack and by business, a very detailed analysis of exactly from whence came the pollution. In fact, we mandated a much higher standard of computerized technology to make those assessments. And then once we had this more detailed analysis of the sources of pollution, we then wanted the States to have sufficient time to develop their battle plan for dealing with them. In short, we gave the States more time to analyze and prepare, to identify and plan, than has ever been allowed before.

We have been criticized, as a matter of fact, for doing that. In the terms of one of the critics, we have—I believe the term was this—committed the American public to breathing dirty air for years longer. I suppose we can take that view, but the fact is that we have not achieved the standards with the earlier and unrealistic deadlines, and we believe that we will make haste faster if we take the time to do the job right the first time rather than dedicating ourselves to unrealistic goals in which we run higgledly piggledly in an effort to meet the deadlines and in the process we are not doing the job of meeting the sources of pollution or developing the plan adequately.

We are pleased that the President has included in his approach this fundamental new and, I think, innovative and useful approach to dealing with this. In the group of nine proposal, however, we said that while we are waiting for that identification process to be complete and the plan to be developed, we need to do some things right away. There are any number of techniques which are already proven and which we already know about and which can already be implemented that are sitting on the shelf, and it is our proposal that we require that those techniques be used immediately so that while we allow additional time for planning and an additional plan for identification of pollution sources, we also say that while we are doing that, we should move in with these other techniques and begin the process of cleaning up the air.

The President essentially accepts the first concept from the group of nine but has not followed through with the second concept which, in our judgment, is the balancing concept. We would hope that as we continue through the legislative process, we can make that improvement in the administration's proposal, keeping the sound idea that we need to be careful and workmanlike in the identification of pollution sources and careful and workmanlike in the development of the plan to deal with those pollution sources, but while that is going on, we also implement immediately those techniques which are already identified and already proven out so that we do both things, deal with some immediate impact on the air pollution problem while we are working on the long-term effect.

There are several other members of the group of nine who are not able to participate in the special order this afternoon but who are submitting, under the general leave request that has already been granted, statements that will deal with other aspects of the clean air issue that will point other strengths to the administration's proposal and other areas in which we hope that proposal can be improved. The gentleman from Indiana [Mr. SHARP], the gentleman from Oklahoma [Mr. SYNAR], the gentleman from Louisiana [Mr. TAUZIN], the gentleman from Kansas [Mr. SLATTERY], and the gentleman from Virginia [Mr. BOUCHER] all will be submitting statements which we would commend to our colleagues for their consideration as we begin at last to move toward the floor and move toward final passage legislation that will at last clean up the air of this country.

Mr. SCHAEFER. Mr. Speaker, as the sole Republican cosponsor of H.R. 99, I would especially like to commend the administration for its leadership on clean air legislation. The continued commitment of the President to this important issue is critical to achieving the goal all of us support—expeditious reauthorization of the Clean Air Act.

Like H.R. 99, the administration bill is not perfect. Even its sponsors recognize that changes will be necessary and undoubtedly made. But its introduction nevertheless serves an important purposes—to reestablish the framework for clean air legislation already put forth by the group of nine. That amendments to the Clean Air Act should be tough but reasonable, aggressive yet attainable. Only within these guidelines can effective legislation be written.

It is now the role of our committee and other Members of Congress to build on this important foundation. In doing so, we must

recognize that acid rain, ozone and air toxics are only parts of this Nation's air quality dilemma. Although often overlooked, millions of Americans currently reside in areas which significantly exceed health-based standards for carbon monoxide and particulate matter. They, too, must be protected through the passage of amendments specifically focused to their individual situations.

In this regard, the administration should be commended for its inclusion of cold start, oxygenated fuels and enhanced inspection and maintenance provisions in its proposal. But from my perspective and that of my constituents, it is important to note that the Denver metro area—one of the worst violators of the carbon monoxide [CO] standard—already have the latter two programs in place. To expect the Denver area to reach attainment with such limited Federal assistance in a short timeframe is simply not realistic.

I therefore look forward to working with the administration and the Group of Nine in crafting legislation that better addresses the problems faced in CO and particulate nonattainment areas. Our starting point is a good one—let us make certain that the final product is equally worthy of commendation.

Mr. SHARP. Mr. Speaker, the President has now sent to the Congress a comprehensive clean air proposal. The import of this event should not be underestimated. It makes more likely passage of long overdue amendments to the Clean Air Act.

The bill itself is lengthy and controversial.

In the case of the ozone and carbon monoxide non-attainment titles there is much to comment on. Today I join my colleagues who worked to draft H.R. 99 in a special order on the Bush proposal. We are proud of our joint effort and of our product. We feel that we can make a further contribution to the debate by pointing out features of the administration bill that we can support and those we have concern about.

We like the fact that the administration has included a Federal permit system in the legislation. While we are likely to suggest some modifications to this title of the bill, we believe that a Federal permit system, which is also included in H.R. 99, is an essential component of an effective, cost-effective clean air program.

We are disappointed that the administration did not include a specific market-incentive program, but rather says, in general terms, that one will be developed. H.R. 99 includes a specific, market based ozone control program in areas unlikely to attain the ambient air standards this century. It requires that all sources in those areas most severely affected make a choice—they can either achieve a 3-percent reduction each year, add control technology that obtains the lowest achievable emission rate, or pay $2,000 per ton of pollution emitted. We believe that this approach is the engine that will drive innovation in pollution control in severely polluted areas. The administration has no comparable provision.

We are also disappointed that the bill does not require EPA to set standards for nonroad engines and vehicles. H.R. 99 tells EPA it must set these standards, the administration's bill gives EPA discretion to set them or not to set them. Many nonroad vehicles, such as construction equipment, use engines comparable to those used in heavy duty trucks and have the potential to meet similar emissions standards. In addition, the location of heavy machinery is often in non-attainment areas and the gross emitters among them should certainly be cost effective, important reductions helping areas reach attainment. While we believe EPA should have discretion to set the level of the standard, and that standards should continue to be set using the criteria of technical feasibility and adequate lead time, among others, we do change their practices. This is contrast to the $2,000 to $3,500 per ton cost for most other pollution reduction strategies.

The group of nine likes this Bush proposal not only because we have had a very similar approach for over a year now, but also because we feel that the average American wants the most cost-effective way to reduce urban smog. We feel that no American wants to throw money at a problem, not even if it is a pollution problem. It's against the interests of everyone, including environmentalists, to waste our money on inefficient cleanup.

My dislike of the Bush plan stems from the fact that even with lower RVP, many, many tons of gasoline vapors will be released with car refuelings and other gasoline vapors releases.

The debate on how to minimize car refueling evaporations has become very specific and polarized.

One camp maintains that every new automobile should be built with an onboard canister to collect the fumes that accompany each refueling. This argument maintains that it may be as cheap as $14 per car to go ahead and admit that each refueling creates pollution problems and build in a solution on each car.

The opponents of this approach argue that onboard canisters may be dangerous in an automobile collision. The National Transportation Safety Board and the EPA has had a running feud on this issue with no clear conclusion.

The other approach involves, not an automobile-based solution but a filling-station-based solution: A vacuum hose connected to the gasoline nozzle at the pump in order to collect refueling vapors. This double hose contraption goes by the name of stage II vapor recovery and costs about $30,000 per station for installation and more for annual maintenance.

The opponents of stage II vapor recovery [stage II] say that the double hoses are heavy, cumbersome, and expensive and anger consumers. Several areas around the country such as Washington, DC, already have installed stage II and it has received a mixed reaction.

Comparing and contrasting onboard canisters and stage II vapor recovery has taken years of EPA time. Sometimes the debate turns on whether the automobile industry or the gasoline retail industry can do a better job of absorbing or passing along the costs of change.

Other criteria for decision includes the speed and completeness of cleanup resulting from each technique. Onboard canisters would affect every car in every area, urban and rural, nationwide, but only as quickly as the Nation's auto fleet turned over, which takes a decade or more. In contrast stage II begins pollution reduction in the key urban areas almost immediately, as soon as the service stations can install the equipment. Of course, stage II equipment wears out after a decade or so and would have to be replaced or substituted.

My dislike of the Bush plan is that it chooses stage II vapor recovery and drops the onboard canister approach. The group of nine feels that the Bush plan, therefore, ignores what may be the safest, most-convenient, lowest-cost option of onboard canisters, in favor of an expensive, cumbersome burden on retail gasoline stations, many of whom may be unable to pass along the cost of the stage II equipment.

The group of nine has a different and, I think, better solution. First, we require EPA to choose within a year between stage II and onboard. Since most people feel that onboard is cheaper, presumably only a significant safety problem would prevent onboard from being chosen. Even if stage II is chosen by EPA, we pay for the capital cost of it by placing fees on automobile sales since car companies are better able to pass along costs to consumers than mom-and-pop filling stations are. We felt that this would not only protect more small businesses, but minimize the incentive for car companies to attack onboard canisters if they are going to have to pay for cleanup regardless.

We in the group of nine feel that we have allowed the onboard/stage II debate to be decided on the merits, once the EPA has finally collected adequate information. To us this is the fairest, cheapest way to solve the refueling vapor problem. Of course, in severe urban smog areas, cities may well choose both stage II and onboard. It would be a mistake, as the Bush bill does, to give up on the onboard canister option before we know enough about it.

Mr. SYNAR. Mr. Speaker, what role is left for the Group of 9 now that the President has submitted his own bill? Should we fold up our tents and go home? No way.

When we introduced our ozone bill last year we said it was the moderate alternative. It featured the cheapest and the most certain reductions, and it could pass.

Nothing has changed. We are still the bill in the middle, and we still make sense.

The President's proposal has both sensible and unworkable provisions.

One positive feature is the inclusion of a PM-10 particulate matter standard. This standard is one that the group of nine would have included in our own bill last year if we had enough time to study what was then just an emerging issue.

The standard governs those particles of soot which are 10 micrometers or smaller, just the right size for breathing into our lungs, causing health damage. And these same particles are important for another reason. They affect visibility in the West, where our grandest views are often obliterated by air pollution.

Regulating these small particles couldn't be more important. Air pollutants of this type cause premature death in the elderly and sick,

long-term decreases in lung function and increased respiratory illiness, especially in children. Many of the particles are also toxic so controlling them gives us a double bang for the buck.

Despite the serious health drawbacks of these small particles, according to EPA, about 60 million Americans live in counties with a 50-percent-or-greater change of violating the standard.

But why include the standard in a new clean air bill instead of issuing regulations as EPA had originally planned? By including PM-10 requirements in a new act the Agency may be able to put them into effect faster and avoid the endless lawsuits and lobbying which accompany almost every EPA regulation.

Just as adding PM-10 improves the current regulatory system, the new sections on auto emissions trading and averaging and fuel pooling may actually make things worse.

In the name of greater market freedom the President added new provisions which make enforcement less likely and less feasible, and increase the chance of cheating or collusion to avoid needed air quality improvements.

Under the President's plan, automakers could engage in emissions trading and refiners in fuel pooling either separately or together to produce alternative ways to meet ozone requirements. In addition, automakers would be allowed use of emissions averaging, trading, and banking to demonstrate compliance with auto requirements.

These provisions sound good on paper but are they really? Such complicated systems could tempt auto and oil companies to play games with emissions reductions. Instead of certain, specified standards applying to an entire industry, we might be left with anarchy as each company schemed to discover the minimum it could do to win EPA's approval.

How would State inspection stations recognize a car violating the standard when different cars would meet different levels of control? Even if regulations could be written to take these differences into account, they would still be a nightmare to administer. Even worse, we would lose the benefit of the safety margin now built into the system where some cars are overcontrolled in order for the entire fleet to meet the standard. In fact, some car's emissions could actually get worse under the President's plan as makers of the more difficult-to-control cars stopped trying.

New and unintended problems might crop up. How could we insure that the cleanest cars went to the dirtiest areas, especially if whole lines were either dirty or clean? What would happen if a consumer wanted the "wrong" kind of car?

Mr. Speaker, these unfortunate additions to existing law are just part of what plagues the President's entire auto plan. His centerpiece is a huge, new and untried program to promote the uses of alternative fuels. Worse still, in his case, alternative fuels is just another name for imported methanol.

Instead of following the lead of the group of nine by embracing a modest, fuel neutral, alternative fuels program aimed at fleets, the President goes whole hog, insisting that by 1995 a half million cars must be sold which use alternative fuels. And the plan requires that these cars must be sold, and not just manufactured. Just how does the President intend that this get done?

Mr. Speaker, I have a vision of how this might happen. Bill Reilly would get on TV, complete with a funny hat, balloons and maybe even a cane or fancy suspenders. He screams out his pitch over the airwaves about the great deals he has on alternative fuel cars. I can hear him now as he tells America, "Have I got a deal for you."

Surely there is some way to avoid this silly spectacle and avoid reliance on the single most expensive way to meet ozone requirements.

Mr. SLATTERY. Mr. Speaker, one thing that became clear to us very easily as we developed our bill was that in many cities attaining the Federal standard for ozone will require the application of controls wherever it is technologically feasible to do so. The smog debate has often seemed as though success hinges on our efforts on a few well publicized issues when in reality a complex series of smaller issues must also be addressed. Two of the issues that have received less attention in the debate are so-called running losses from cars and trucks and a special category of emissions known as area sources.

We believe that the President's bill is on the right track in recognizing the potential reduction in volatile organic compound [VOC] emission from running losses and area sources. Unfortunately, the Bush bill falls short of the legislative mandate needed to develop effective controls for these sources.

RUNNING LOSSES

One of the focal points of the clean air debate has been the emission of VOC's from mobile sources, primarily cars and trucks. While tailpipe standards have received the greatest amount of attention, controlling the evaporation of gasoline from engine and fuel tanks also holds significant potential.

Running losses—the evaporation that occurs while vehicles are being driven—have recently been shown to account for much larger emissions than originally thought. Running losses account for between 10 and 15 percent of total VOC emissions.

EPA estimates that automakers can reduce VOC emissions by 4.2 percent by 2005 through the application of running loss control technology. These reductions would be in addition to much greater reductions that can be made immediately by reducing the volatility of gasoline—as mandated by both H.R. 99 and the Bush bill.

The President's bill authorizes but does not require EPA to issue regulations that would reduce evaporative emissions from gasoline-powered vehicles during use and extended periods of nonuse.

Because we developed H.R. 99 last year, before new information on running losses was available, our bill primarily addresses evaporation that occurs when vehicles are not in use. Based on new information, we believe that significant, cost-effective VOC reductions can be gained from control of running losses. We hope that the final clean air legislation will require stringent control of running losses.

AREA SOURCES

Another significant, yet often ignored and relatively uncontrolled, source of VOC emissions in area sources.

Area sources are a series of tiny sources of emissions which, individually, do not contribute significantly to ozone formation. But taken together, area sources account for 25 percent of total COC emissions in ozone nonattainment areas.

VOC area source emissions usually result from the evaporation of organic solvents, paint, or other petroleum-based products for industrial or household use. Examples include dry cleaning fluid, solvents used for industrial cleaning and degreasing, and evaporation during the shipment and handling of gasoline. These substances are refered to in legislation as consumer and commercial products.

The Bush bill requires a study of VOC emissions from consumer and commercial products and authorizes EPA to develop regulations that would reduce these emissions. The bill does not require regulatory action and does not set a target for emission reductions. We believe this is a major weakness.

We believe that a successful ozone attainment strategy must include a more aggressive control program for consumer and commercial products. Because area sources are largely uncontrolled, significant, cost-effective reductions can be obtained by directing EPA to establish control measures.

EPA estimates that there is a potential reduction of 232,000 tons of VOC emissions in nonattainment areas. To obtain these reductions, appropriate control measures would be applied to all types of paint, roof tar, consumer and commercial solvents, and adhesives. The Office ot Technology Assessment has reached similar conclusions, estimating VOC nationwide reductions of 420,000 tons per year with half of that total in nonattainment areas. OTA estimates that the nationwide cost of controls would be $930 million per year.

We believe that EPA should be required to reduce emissions from consumer and commercial products by 25 percent in 5 years and 50 percent in 10 years. If these goals prove infeasible, EPA should require the lowest feasible rate of emissions.

We have only recently come to understand the significance of sources like running losses and consumer and commercial products in VOC emissions inventories. As we debate the clean air bill, I hope that Congress will recognize the importance of these sources and adopt tough control strategies.

Mr. TAUZIN. Mr. Speaker, first of all, I'd like to commend President Bush for recognizing the importance of the Nation's environmental problems and for taking positive steps to clear our air of dangerous ground level ozone, acid rain, and toxic air pollutants.

Reviewing the provisions in the administration bill relating to reducing ground level ozone, the group of nine, of which I am a member, found that the bill contains some good ideas and some not so good ideas. While each of us will limit our remarks to include just a few areas, I want to make it clear that I am equally concerned about the provisions discussed by the other group of nine members.

My primary concern with the administration bill is with the proposed Clean Fuels Program. Although the President's proposal is written as

fuel neutral, many are worried that it will result in the mandated production of cars equipped to run only on methanol. I believe that mandating, de facto or de jure, the use of any one fuel is shortsighted and ignores both the differences in regional needs and capabilities and the potential clean air benefits to be gained by a comprehensive alternative fuels program.

Cost efficient access to the fuel and the degree to which an area has not achieved attainment are factors that should be taken into account. Importing expensive methanol makes no economic sense, when extremely clean burning fuels such natural gas have such a large domestic supply. Not coincidentally, a good portion of this supply is found in my home State, Louisiana. I have driven a car fueled by compressed natural gas, and the performance is excellent. Mandating the use of methanol in areas such as Louisiana would simply be counterproductive.

The group of nine bill, H.R. 99, takes a much better approach, creating a level playing field among all competitive alternative fuels, and begins the process in a workable manner with fleet vehicles.

As chairman of the Subcommittee on the Coast Guard and Navigation, I noted that this bill includes provisions addressing the problem of marine vapor recovery. Vapors emitted during fuel loading and off-loading in tank ships, refineries, and barges are considered to be major contributors to our clean air problems, and I applaud the President's efforts to include this important provision .

The administration bill provides that, within 4 years of the date of enactment, the Administrator of the Environmental Protection Agency shall promulgate standards for emissions from loading and unloading marine tank vessels. The regulations are to take effect after the period EPA finds necessary to permit the development of the requisite technology.

Under the administration bill, the Coast Guard is required to issue regulations to ensure the safety of the emission controls. The Coast Guard has been studying this issue and is expected to issue safety rules by February 1990. The EPA would then set standards incorporating the safety concerns. The bill provides that no State or locality may regulate in this area until EPA does, and after that, any State or local regulations must apply standards at least as strict as those imposed by the EPA.

This provision echoes the approach in the group of nine bill, H.R. 99 which provides that no State shall require marine vessel measures until the Secretary of Transportation has promulgated regulations governing the safe recovery and control of such emissions.

In my own State of Louisiana, the Department of Environmental Quality has decided that marine vessel recovery at various docks along the Mississippi River is important for attainment of ozone standards within the State. In developing its regulations for vapor collection systems designed to collect 90 percent of vapors emitted from marine vessels, Louisiana has recognized the safety concerns involved and delayed implementation of the regulations. These rules go into effect for gasoline on May 1, 1991, and for crude oil on May 1, 1992. As Coast Guard regulations should be out by February 1990, this leaves time to incorporate any Coast Guard concerns and should give shippers plenty of time to comply.

Having EPA and the Coast Guard work together to develop regulations addressing the role of both environmental protection and safety in the problem of marine vapor recovery is an excellent example of sensible, effective national legislation. Having nationwide regulations in this area will both improve the Nation's air quality and assure that shippers in all States adhere to the same safe, environmentally sound regulations.

One important provision I found missing in the administration proposal relates to banning leaded gasoline. Lead is a dangerious toxic pollutant by itself. It contributes to the ozone problem because it irreparably damages the catalytic converter even if leaded gas is only used a few times. Then the catalytic converter cannot work to control carbon monoxide or hydrocarbons, and NO_x which are the primary ozone precursors.

H.R. 99 bans leaded gasoline for all highway vehicles effective January 1991. EPA may postpone the ban for a maximum of 2 years if the Administrator determines that the ban will reduce the availability of leaded gasoline for farm vehicles and that alternative fuels for farm vehicles are unavailable. In any case, under H.R. 99 leaded gas is a fuel of the past. This is one important area the administration should take another serious look at.

GENERAL LEAVE

Mr. SWIFT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore (Mr. BERMAN). Is there objection to the request of the gentleman from Washington?

There was no objection.

DEFENSE BUDGET

The SPEAKER pro tempore (Mr. BRUCE). Under a previous order of the House, the gentlewoman from Maryland [Mrs. BENTLEY] is recognized for 60 minutes.

Mrs. BENTLEY. Mr. Speaker, in a time of tight budget constraints, it is necessary for every expenditure to be closely investigated for all its benefits. As a member of the Budget Committee, I am painfuly aware of the need for budget cuts, but when we do the cutting—we must make certain of the full cost to the country—not just this year, but in the future.

This afternoon, I would like to focus attention on the defense budget cuts as proposed by the administration. As you, Mr. Speaker, are probably aware, I am frequently out on this floor reporting the losses of certain sectors of the economy to foreign imports and foreign purchasers.

I have identified U.S. civilian manufacturing capabilities as being our first line of defense recalling the dependency of our Allies on the American industrial base for the war effort in World War II. With economies occupied and in ruins—both in Europe and in Southeast Asia—the United States was truly the "Arsenal of Democracy."

Plants which had produced farm trucks began to produce Army trucks. Tires manufactured for convertibles were diverted to staff cars and ambulances and much of the remaining available rubber was shunted into the aircraft industry.

Fiber and clothing mills were converted overnight into uniform factories and the silk from hosiery mills sent to the parachute makers. And at every step of the way, the skilled labor pool which had been trained in the private sector, performed incredible feats for the Defense sector—or the war would not have been won.

My concern over the loss—in recent years of the television industry and radios and watches—of shipbuilding and the shrinkage of our steel production, fasteners and machine tools—has been the impact of these losses were we to get into a shooting war.

But, beyond the loss of these items, there has been another grave loss—the skilled labor force who were capable of producing these products.

What young man or woman—desiring a lifetime career—would want to train as a metalworker or as a machinist—as a tool-and-die maker? Only if he or she was going to go to work now in U.S. defense-related industries.

U.S. automakers are increasingly producing autos offshore. The Japanese automakers who have located in this country are not into manufacturing, they are only running assembly operations with parts either being imported from Japan or purchased from Japanese transplants—imports which incidentally were responsible for much of the large increase in our trade deficit with Japan last year.

The lack of real manufacturing—from the mines and the mills to the finished product—in this country is evidenced by the sluggish growth in the gross national product.

Predictions this year have been that economic growth will be under 3 percent. The Federal Reserve hails this as being wonderful and "not inflationary." Considering GNP growth in the major exporting nations, I wonder whether the Federal Reserve is putting a good face on a bad indice. Compared to the rest of the world, we are slipping out of the competition as an industrialized nation.

The leading exporting nations—Japan with 3.7-average growth in the 1982-86 period. Korea, 8.5; Taiwan, 6.9; Hong Kong, 5.9 to our 2.7 percent of growth in that same timeframe makes the point very well that manufacturing for export is the engine driving their economies.

In manufacturing capacity and ability to supply our own needs—"made in America" is becoming an anachronism. Two years ago we ranked ninth among industrial nations with even Norway ahead of us in its ability to supply its own domestic demands.

Now what does this have to do with the Defense budget? Lots! I suspect that much of what is showing up in our GNP as manufacturing is coming from Defense contractors. And that were these cuts to go through, at least one of our defense companies will suffer staggering losses and may be forced out of the defense business. This company will lose three programs as a prime contractor—one as a sub.

I must question the wisdom of the bookkeeper at DOD who seemingly cannot understand the necessity of retaining a defense industrial base. If we are being told—all of the time—by this administration—as untrammeled "free trade" guts out our industrial-commercial base—that competition is wonderful and gives us the best prices in the market, then I must think that those in the Defense Department would have been much more careful in spreading these losses to insure that no one company would suffer life-threatening hits. To insure the sustained health of as many of the companies as possible to guarantee future competitiveness.

Every major country in the world subsidizes its Defense contractors, especially when they are in competition with our own for the U.S. defense dollar. There is another subsidy to foreign producers. The European Community pumps at least $1 billion a year into its steel industries and on all products exported out of the EC there is a rebate—on average—of 19 to 20 percent to manufacturers—a return of the value added tax collected by the various country governments.

I am not sure that these facts alone are a justification for underwriting our own defense industry, but certainly—if the goal of defense continues to be our ability to defend ourselves against foreign threats—then they should be part of the equation in the decisionmaking process of whom we cut and how we cut.

In closing, I would like to put the proposed DOD cutbacks into a more understandable frame. The cost to Maryland—my State will be over $267 million. Most of it in my district. On the first cut, 268 jobs will be affected. And then hundreds more, into the thousands at the defense plant and base. And in trickle down—63,000 real jobs in the State will feel the effects—"the butcher, the baker, the candlestick maker."

I have no hesitancy fighting for these appropriations and presenting the case to the taxpayers. Of all of the budget dollars we expend every year, these are the ones that come back to our districts thousands fold.

These are the dollars that sustain research and development in the microelectronics industry—at a time that tax law has been very destructive of research and development in the private sector. These are the dollars that maintain the major source of skilled manufacturing labor in the country. And at which time this country decides that it must again become competitive among the industrial nations, it will be to this labor force we will have to turn for the institutional memory and the gains garnered from hands on experience.

If as some economists suggest private sector development in this country over the last 8 years has been sacrificed for the buildup of our defense capabilities, then it is not wise to begin gutting the defense industrial base—the last major remnant of a once mighty arsenal.

This is all too important to be left to the bookkeeper's red pencil. The buck not only stops here, it is our ultimate responsibility for how it is spent.

THE FUTURE OF THE ICBM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Louisiana [Mr. McCRERY] is recognized for 15 minutes.

Mr. McCRERY. Mr. Speaker, in the next few days this House will decide an important question regarding the defense of this country. We will decide the future of the ICBM, or the intercontinental ballistic missile, modernization that this country will take into the 21st century.

Mr. Speaker, if the United States is going to maintain a viable strategic deterrent against Soviet political or military aggression, it is my belief that we must modernize our strategic offensive forces by deploying highly survivable mobile ICBM systems. The rail mobile Peacekeeper ICBM and the small ICBM in a hard mobile launcher are necessary to strengthen and maintain a stable United States strategic deterrent in the years to come. Failure to deploy both of these mobilized ICBM forces will severely undercut the United States' strategic deterrence policy and jeopardize U.S. national security interests.

Mr. Speaker, let me point out that the Soviet Union is currently modernizing its strategic ICBM force and has already deployed two mobile ICBM's in substantial numbers, rail mobile SS-24 ICBM's, each with 10 warheads, and road mobile SS-25 ICBM's, each with a single warhead. This gives the Soviet Union the only survivable ICBM reserve force, affording Soviet leaders with a viable third strike deterrent to a United States retaliatory strike.

In addition, the Soviet Union continues to improve its countersilo capability by deploying the Soviet SS-18 modified. The new SS-18 has twice the throwweight of its predecessor and better accuracy. This will increase the threat to the United States' silo-based ICBM's. When combined with improved Soviet countersilo potential, Soviet leaders have a greater incentive to strike first in a crisis.

Deployment of the rail mobile Peacekeeper and road mobile small ICBM will eradicate the Soviet advantages and provide the United States with a highly reliable and stable strategic deterrent. Since one cannot target what one cannot find, the two mobile ICBM forces will make current and future Soviet improvements in accuracy irrelevant.

Furthermore, the prompt, hard target capabilities of the small ICBM and rail mobile Peacekeeper ICBM offer the best deterrent to Soviet attack since both ICBM's can destory those targets most valued by Soviet leaders, Soviet strategic and military forces, command and control assets, and leadership facilities. The hard target capabilities, prompt delivery and high reliability of these ICBM's are unmatched by any other system in the U.S. strategic arsenal.

Finally, Mr. Speaker, the rail garrison Peacekeeper and small ICBM in hard mobile launchers are affordable. The cost of deploying 50 rail mobile Peacekeepers and 500 ICBM's in hard mobile launchers is 25 percent less than the cost of creating a new U.S. armored division, yet the contribution of these mobile ICBM's to U.S. national security and deterrence policy is immeasurable.

In addition to the strategic importance of ICBM modernization to continued effective deterrence, an important consideration is the effect that such modernization will have on the strategic arms reduction talks. The Soviet Union now deploys 50 rail mobile SS-24's and 144 road mobile SS-25's to the best of intelligence. More are being built as the Soviets modernize their ICBM force and make it more survivable. Meanwhile, the United States fiddles on the mobile ICBM issue while Rome burns. We have yet to deploy our first mobile ICBM.

Mr. Speaker, if we wish to put limits on Soviet ICBM modernization and deployment and achieve cooperation in getting a verificable START Treaty, the United States must deploy its own mobile ICBM's. Soviet negotiators are not going to ban mobile ICBM's when they have many, and we have none. Nor are they likely to place limits on such things as overall mobile ICBM warhead totals when they are the only ones with such programs. Nor are they likely to agree to intrusive verification

limits on mobile ICBM's if they are the only ones being restrained.

Mr. Speaker, the Soviet leaders and negotiators are far more likely to agree to a START Treaty with such constraints if they believe that the pact will place real limits on real U.S. programs.

□ 1630

There is little reason to agree to such limits if the United States Congress unilaterally ends United States mobile ICBM funding or cuts it so drastically that the Soviets are left alone in the field.

The ability of the United States to field meaningful and verifiable limits on Soviets mobile ICBM's through the Strategic Arms Reduction talks will depend upon our willingness to deploy and fund mobile ICBM's ourselves. This is elementary common sense.

Therefore, I argue that we need to fully fund in fiscal year 1990 the two-missile mobile ICBM package recommended by the President and concurred in by the Armed Services Committee. This is perhaps one of the most important decisions we will make as a House this week with regard to our future strategic deterrence to the Soviet Union, and I urge my colleagues to support both the rail garrison Peacekeeper and the small ICBM, the Midgetman.

NATIONAL DEFENSE AUTHORIZATION ACT, FISCAL YEAR 1990

The SPEAKER pro tempore. The pending business is the question of ordering the previous question on House Resolution 211.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

Mr. BONIOR. Mr. Speaker, I withdraw the motion for the previous question on House Regulation 211 in order that I may offer an amendment to the rule; and I ask unanimous consent that the amendment to the rule be debatable for 2 minutes, equally divided and controlled by the gentlewoman from Illinois [Mrs. MARTIN] and myself.

The amendment to House Resolution 211 would on page 8, line 7, insert the following: "Following disposition of said amendments, it shall be in order to consider an amendment relating to F-14 aircraft and an amendment relating to the V-22 aircraft, both amendments to be offered by Representative DICKINSON of Alabama, to be debatable for not to exceed 20 minutes each, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services. Said amendments shall not be subject to amendment, and shall be considered in lieu of amendment No. 25 in part 2 of the report of the Committee on Rules. Said amendments shall be deemed to have appeared in part 1 of the report of the Committee on Rules," and appear at this point, in the RECORD.

Strike out section 127 (page 36, lines 4 thorugh 16) and insert in lieu thereof the following:

SEC. 127. PROCUREMENT OF F-14D AIRCRAFT AND SPARES AND REPAIR PARTS.

Of the amount appropriated for procurement of aircraft for the Navy for fiscal year 1990, the amount of $771,300,000 shall be available only for the F-14D aircraft program, none of which shall be available for new production aircraft. Of the amount provided in section 102(a) for procurement of aircraft for the Navy, $1,552,707,000 shall be available only for spares and repair parts.

Strike out section 126 (page 35, line 18 through page 36, line 3 and insert in lieu thereof the following:

SEC. 126. MARINE CORPS AIRLIFT PROGRAMS.

Of the amount appropriated for procurement of aircraft for the Navy for fiscal year 1990—

(1) none of such amount shall be available for the V-22 aircraft program; and

(2) the amount of $411,000,000 shall be available for CH-53E aircraft.

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

There was no objection.

The SPEAKER pro tempore. The gentleman from Michigan [Mr. BONIOR] will be recognized for 1 minute, and the gentlewoman from Illinois [Mrs. MARTIN] will be recognized for 1 minute.

The Chair recognizes the gentleman from Michigan [Mr. BONIOR].

Mr. BONIOR. Mr. Speaker, after consultation with the minority and with our leadership and interested parties in the V-22 and the F-14 we have, I believe, come to an agreement which would allow the gentleman from Alabama [Mr. DICKINSON] after the section in the RECORD labeled Davis-Bacon to offer separate amendments on striking the V-22, to be debated for 20 minutes by the chairman of the Armed Services Committee or his designee, and the ranking minority member or his designee, and then after that debate, which would be equally divided, 10 minutes apiece, we would proceed to the next question, which would be the F-14 and the control of that debate would be similar in nature. The ranking minority member and the chairman of the committee would control the time, they or their designees, 10 minutes apiece. It would occur on Thursday after the section of the rule entitled Davis-Bacon.

Mrs. MARTIN of Illinois. Mr. Speaker, we support the majority and congratulate the gentleman for his leadership in this area.

Mr. MICHEL. Mr. Speaker, will the gentlewoman yield?

Mrs. MARTIN of Illinois. I am happy to yield to the gentleman from Illinois.

Mr. MICHEL. Mr. Speaker, I do so only to express my profound thanks and appreciation for the consideration on the majority side, particularly the gentleman from Michigan, who was so good as to counsel with us on this earlier in the day, and I am most appreciative of the outcome.

Mr. BONIOR. Mr. Speaker, just to recap so we understand where we are, the debate on the issue at hand would come after the Davis-Bacon provisions on Thursday of this week.

There would be debate on an amendment offered by the gentleman from Alabama [Mr. DICKINSON] for 20 minutes on the F-14, divided equally, the time controlled by him and the gentleman from Wisconsin [Mr. ASPIN] or his designee.

Then we would move, if the gentleman so desires, to a debate on the V-22 under a similar situation.

Mrs. MARTIN of Illinois. Mr. Speaker, I yield such time as he may consume to the gentleman from Georgia [Mr. GINGRICH].

Mr. GINGRICH. Mr. Speaker, I just want to commend our colleagues in the Democratic Party. I think in the course of the day, the gentleman from Michigan and his leadership have done a very appropriate bipartisan thing. We occasionally gripe when we do not think we are being treated fairly. I think this is an example of their considerable flexibility, and I want to thank the gentleman from Michigan and the gentleman from Massachusetts for the way in which they have worked this out. I think on our side of the aisle we are very grateful to the gentleman for what he has done, and I thank the gentleman.

Mr. BONIOR. Mr. Speaker, just to clarify the situation, this would be in lieu of amendment number 25, the original amendment that we had in section 2 of the report, which allowed the gentleman from Alabama [Mr. DICKINSON] to consider this jointly under a 10-minute debate situation.

The SPEAKER pro tempore. Without objection, the amendment to the resolution is agreed to.

There was no objection.

Mr. BONIOR. Mr. Speaker, I move the previous question on the resolution, as amended.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution, as amended.

The resolution as amended was agreed to.

A motion to reconsder was laid on the table.

The SPEAKER pro tempore (Mr. BRUCE). Pursuant to House Resolution 211 and rule XXIII, the Chair declares the House in the Committee of the

Whole House on the State of the Union for the consideration of the bill, H.R. 2461.

The Chair designates the gentleman from Illinois [Mr. ROSTENKOWSKI] as Chairman of the Committee of the Whole, and requests the gentleman from Wisconsin [Mr. KLECZKA] to assume the chair temporarily.

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IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2461) to authorize appropriations for fiscal years 1990 and 1991 for military functions of the Department of Defense and to prescribe military personnel levels for such Department for fiscal years 1990 and 1991, and for other purposes, with Mr. KLECZKA (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Wisconsin [Mr. ASPIN] will be recognized for 1 hour, and the gentleman from Alabama [Mr. DICKINSON] will be recognizes for 1 hour.

The Chair recognizes the gentleman from Wisconsin [Mr. ASPIN].

Mr. MONTGOMERY. Mr. Chairman, I will represent the gentleman from Wisconsin until he arrives. He is on the way over at the present time.

Mr. Chairman, I yield 30 seconds to the gentleman from Michigan [Mr. BONIOR].

Mr. BONIOR. Mr. Chairman, I thank the gentleman from Mississippi for yielding me this time.

Mr. Chairman, in the course of the debate on the rule on this issue this afternoon, in an exchange I had with my dear friend, the gentleman from California [Mr. DELLUMS], I used some intemperate remarks, and had I to speak again on this issue, I would have done so a little bit more judiciously and with a little bit more understanding.

I apologize to my friend, the gentleman from California, and I look forward to a working relationship with him. I consider him one of the finest people I have associated myself with in this body, and again, I do apologize for the nature of my remarks to the gentleman from California.

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

Mr. Chairman, I rise in support of H.R. 2461, the DOD authorization bill.

Mr. Chairman, others will speak in behalf of the various parts of the bill. I would like to take a moment to emphasize a couple of key areas concerning the National Guard and Reserve.

In this bill is an accepted amendment by the Committee on Armed Services which gives the National Guard and Reserves equipment which they need very much to complete their missions.

Mr. Chairman, I will point out that the National Guard and Reserve is more than ever an integral part of the total force. The Guard and Reserve has more than 50 percent of the Army combat missions, 33 percent of the Air Force combat missions, and over 20 percent of the Navy-Marine Corps combat capability.

Mr. Chairman, we need to ensure that they are as prepared as our active components. In other words, Mr. Chairman, the National Guard has 50 percent of all of the combat missions of the Army. The Army cannot fight now without the Reserves and the National Guard.

Also, the Guard and Reserve contain and are involved in hometown and community activities. The National Guard has been deep in support in civil disasters such as support in tornado mishaps, the many floods this past spring, and the recent Sioux City airline crash. I will point out that it was the National Guard who jumped in and provided helicopters to airlift the crash victims to hospitals. They are now providing other support about this terrible disaster.

DOD historically has not provided sufficient new equipment in the procurement budget for the National Guard and Reserves. In the last 8 years, it has been the Congress who has provided this procurement for the Reserves.

During the full Committee on Armed Services markup I offered an amendment to add $1.2 billion to Guard-Reserve procurement. This equipment will not be going overseas. It goes to the Reserves. It will be going to different States of the Nation and into the different districts of Members of Congress. It is important that this item stays in the bill.

There will be several other amendments offered to this package, and I will not cover those amendments at this time. I will say, though, that the gentleman from Massachusetts [Mr. MAVROULES] will offer an amendment for funds for drug interdiction. I certainly would support that, $70 billion for continued efforts of the National Guard on drug interdiction.

The gentleman from Illinois [Mr. EVANS] will offer an amendment to prevent the National Guard technicians from wearing military uniforms while performing their duties. In my opinion, this is a bad amendment. It should be defeated. If these technicians want to stay in the National Guard, they ought to wear the uniforms when they are performing their duties. I hope this amendment will be defeated.

To summarize, I support the authorization bill to resist any reductions in the National Guard and Reserve procurement, and also the drug interdiction amendment, which has merit, and would oppose the technician uniform amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. DICKINSON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise to support and to explain as best I can some of the things that are in the defense authorization bill that we will be dealing with this week.

By and large, I think it is a pretty good bill. Some things are in here that I think should not even have been, and some things came out of our committee that I do not agree with, and we will be enumerating these as the week continues.

Mr. Chairman, I think that Secretary Cheney provided the Congress with a defense budget that, in these times of tight budget, made tough but sound choices to most effectively and efficiently meet out national security needs. When Dick Cheney testified before the Committee on Armed Services, I told him at that time, "Mr. Secretary, some people think that you have cut too much, others think that you might have cut too little, but everybody agrees that you cut the wrong thing."

Mr. Chairman, everybody has an interest in the bill. Not everybody can agree that cuts made by the Department of Defense were made in the right place, in the right amounts, or at the right time.

However, faced with the prospect of $7.2 billion in requests for add-ons—and we had amendments submitted to our committee requesting over $7 billion in proposed expenditures—chairman joined me in supporting the Cheney procurement budget in total. Tomorrow we will again have a chance to put our parochial interests aside when we consider my amendment to restore the Cheney procurement budget.

I asked for, and the Committee on Rules has made in order, my amendment, that will, in effect, restore the Cheney procurement budget in this bill. Unfortunately, however, this process is looking more like business as usual than anything else. The Democrat majority in the Committee on Rules has in instances run roughshod over proposed guidelines for consideration of this bill that were proposed by both the chairman and myself.

Our requested suggestions were basically ignored in many instances and replaced by the whims of whatever forces governed the Committee on Rules.

□ 1650

Dealing with SDI, which will be the first thing that we take up, we have the basic committee position which was voted on in this committee of $3.5 billion for the strategic defense initiative. To that there will be three amendments made in order and offered as the bill is under consideration. The first made in order will be the Kyl amendment which is offered to increase the funding of SDI to a level of last year's spending plus inflation—that is—no real growth, just last year's level of effort plus inflation. This amounts to some $3.8 billion. As I said, the committee position is $3.5 billion.

There will then be an amendment offered by the gentleman from California to reduce that amount to $1.3 billion. Then we have the amendment of the gentleman from Florida, to fund the SDI at a level of approximately $2.8 billion, plus the DOE figures, for a total of $3.1 billion. These are very substantial cuts that effectively will decimate the program. I would hope that members of the committee would not vote for any of the cutting amendments. I would hope that they would support the Kyl amendment, which is still $1 billion less than the administration request. Some cuts have already been made. We are trying to just fund SDI at last year's level plus inflation.

If the members of the committee do not see fit to support the Kyl amendment, at least do not cut this below the committee markup, because to do so would cause irreparable harm to SDI and the program could not proceed in an orderly fashion, because people will be laid off and many of the very promising elements of the program would have to be canceled.

So I would urge a "no" vote on any of the amendments that would cut the SDI Program.

Almost as an adjunct to the SDI cutting amendments, the Rules Committee has made in order three add-backs. If cuts are made in the SDI program sufficient to support these amendments, then the three add-backs that will be offered will be one, for drug interdiction and control; second, for toxic waste cleanup; and third, for conventional arms procurement—the Bennett amendment.

The committee knows full well that these are very popular amendments. As a result, they almost tacked them onto and made them a part of the cuts. Who could vote against drug interdiction? Who can vote against the cleanup of toxic waste and toxic spills? Who wants to vote against conventional weaponry when we know that the Soviets still outnumber us in most area categories and that if we should have another war, it would probably be a brushfire lower level conflict with some Third World country, not the exchange of nuclear weapons with the Soviet Union.

All of us are in favor of these add-ons in principle. But let me point out that we have drug interdiction funds still unexpended in the Department of Defense. There is a Superfund for the toxic cleanup. The Department of Defense is doing everything that it can do on the cleanup. We do not need these funds from this SDI source at this time. We do need them for the SDI. I would urge the Members not to delete further SDI funding.

This gets us to the B-2, and we all know what the B-2 is by now, surely. The B-2 represents a radical departure in aviation. It is at the cutting edge and state-of-the-art technology. It is revolutionary, and Lord knows that it is expensive.

We have spent to date, before it was made public, some $23 billion developing the B-2—$23 billion of some $70 billion total that is projected to develop and procure 132 B-2's.

I must confess, Mr. Chairman, I have some ambivalence when we discuss the B-2, because the price tag of the B-2, the program unit cost, is $530 million.

This cost estimate is based on the most optimistic of estimates. The cost assumes that inflation will be at a certain level, that there will be no major technical foulups and stretchouts, and that the Congress will fund as proposed the funding profile put forth by the Department of Defense. The proposed annual expenditures for B-2 in the last 3 years are approximately $8 billion.

I would urge all Members, and I will say this tomorrow when we have a better crowd, if they vote to fund the B-2, they must do so with the knowledge that the cost is going to escalate, the $530 million in program costs is going to escalate if anything happens to delay the production of the plane. The Air Force itself delayed by 1 year in this budget the production of the airplane, and that 1-year delay cost $1.8 billion.

If we do not fund it adequately and we do not procure it at the projected efficient rate, every stretchout runs the cost up. So if Members are going to fund the B-2 at $4 billion a year instead of $8 billion a year, it is projected that it would cost somewhere close to $800 million apiece. If inflation should go up and be higher than is estimated by OMB, the price would go up. If we just build a few aircraft and then shut down the production facilities, conduct the flight test program, fly the B-2 throughout its performance envelope, terminate all of the company employees, close down the entire production until we get through our testing, and then blow the whistle and say, "All right, everybody back on board," there is not going to be anybody to come back on board.

We will have to start from scratch, train the employees, go through the learning period, reprocess security clearances for people who are going to work there, and it will be tremendously expensive if we, in fact, stretch the program out in the manner I have described.

So in voting for the B-2, and I hope that Members do, I hope that they vote with the full knowledge that this is the minimum cost, and anything that happens to upset the production schedule, if it runs into big technical problems, then the price is going to be higher than that, and Members should be prepared to pay these extra costs if they vote to go forward with the B-2 but delay it significantly.

The next issue is ICBM's, the Intercontinental Ballistic Missile Modernization Program. The Rules Committee structured the MX and the Midgetman debate such that ICBM opponents will get three bites at the M-X apple and two bites at the Midgetman. The passage of any of these amendments would abrogate the bipartisan agreement with the administration on modernization of our ICBM's.

I would remind Members that the rule does not give us the opportunity to offer any substitutes. Again, the two-missile program is needed to modernize our land-based leg of the triad, and it is crucial in the arms negotiations process currently underway in Geneva. Let us give our negotiators some muscle with which to bargain.

Let me point out that if many of our colleagues had had their way in the past, and had done away with the short-range and intermediate-range ballistic missiles, we would not have the INF Treaty we have today, and because we had the operational capability and the ability to use these weapons, the Soviets did come to the negotiating table, and we did negotiate all these weapons away on both sides.'

We are doing away with ours and they are doing away with theirs. If we want to negotiate away any part of our strategic program, we must go to the negotiating table and negotiate away with the Soviets, whether it be the long-range weapons or any portion of the strategic triad. Certainly we should not be giving these programs away in the Congress and unilaterally taking the cards away from our negotiators in Geneva who are at this very moment negotiating START.

□ 1700

Arms control amendments in this bill are also postured for the majority, not allowing for any substitutes to protest the President's foreign policy obligations.

I would ask the Members to oppose the Wyden, Brown, Markey amendments on their merits, but also because we have no opportunity to

counter them. The Committee on Rules fashioned as process so these amendments could be in order, and I was not given the right to offer substitutes.

In closing, to the extent we are allowed by this rule, I would hope that all of the Members would rise above parochial and special interests, job programs back home, et cetera. The Congress has demanded, the public has demanded that we reduce Federal spending.

Make the hard choices, do not stretch out programs. Some programs are unaffordable, some are just not justified in terms of their expense.

The Secretary has made the hard choices as he has been directed by the Congress to do. It is up to us now to decide whether or not we want to vote to support this and vote to support good Government, or is it just going to be business as usual with everybody getting their own parochial programs out of the pork barrel?

I have in my hand a letter addressed to me from the President of the United States urging that we support the administration.

The letter reads in part:

We cannot afford to pull the rug out from our negotiators, and we cannot afford to forfeit the investments we have made in strategic modernization. We can afford to make the needed improvements provided by this cohesive, fiscally sound package. It deserves your support.

It is signed George Bush.

Ladies and gentlemen of the committee, tomorrow you will be asked to make some hard choices. Are you going to do business as usual? Are you going to vote for parochial interests? Are you going to vote for what sounds good at home? Or are you going to come up here and bite the bullet and do what the Secretary of Defense has done, saying that several programs are not economically feasible, they do not make sense in light of today's budgets? Make the tough choices.

I hope when I offer the Cheney amendment you will support it, vote for good Government and not business as usual, everybody fishing out of the pork barrel.

The letter referred to follows:

THE WHITE HOUSE,
Washington, July 24, 1989.

Hon. WILLIAM L. DICKINSON,
Committee on Armed Services, U.S. House of Representatives, Washington, DC.

DEAR CONGRESSMAN DICKINSON: When the Fiscal Year 1990 Defense Authorization Bill comes to the floor next week, you and your colleagues will make critical decisions affecting the future of deterrence and arms control for the balance of the century. Before you vote, I want to be certain that you understand my reasons for the strategic modernization program I have proposed.

Taken together, these strategic programs are essential to preserve a capable, survivable and effective deterrent. They are an integrated package that deals with the evolving threat and is flexible enough to hedge against uncertainties. They also undergird our arms control negotiations and provide incentives to the Soviets to continue the internal changes they appear to be making. Each represents, not simply modestly improved capability but fundamental change in strategy or system performance.

I am optimistic about what we are beginning to see in the Soviet Union. The Soviets may finally be willing to make significant changes in the character and size of their military forces. This willingness is at least in part the result of our commitment to a modern, capable deterrent force. Weakening the commitment now could undermine the positive trends we see emerging in Soviet forces.

I have taken another hard look at SDI and confirmed that the goal of the program—providing the basis for an informed decision on deployment of defenses that would strengthen deterrence—remains sound. We owe it to ourselves and our children to pursue that goal. I am personally and deeply committed to doing so.

Moreover, SDI is at a critical juncture. The technological progress we have made means that we need to conduct large scale realistic, and therefore expensive, tests to prove the feasibility of defenses. Already, because of cuts required in the overall Defense budget, I have reluctantly submitted a revised budget, cutting over $1 billion from the program. If the Congress cuts even more deeply, our ability to investigate and test the most promising options will be seriously damaged. We will be unable to determine, in a meaningful way, whether we can rely more on defenses for our security. The American people are entitled to that assessment.

The B-2 is also at a critical point. The aircraft is based on revolutionary technology that will guarantee the effectiveness of the penetrating bomber well into the next century. Without it, the strategic Triad, which has been the bedrock of our nuclear strategy, will virtually disappear. The B-2 is also the core of our START strategy for achieving stable deterrence at reduced levels. Indeed, under the terms of our current arms control proposal, the bomber force will be assigned a very large percentage of our targets. I have no doubt that the B-2 is worth its cost and deserves your support.

ICBM modernization has been marked with considerable controversy and strong opinion. Yet there is broad agreement that mobility is required for our land-based missiles to improve their survivability and enhance their unique capabilities. After careful review of the issue, I have determined that we should deploy, in carefully phased manner, the Rail-garrison Peacekeeper and the Small road mobile ICBM. I am committed to doing so.

Rail-garrison Peacekeeper will improve the survivability of the ICBM force quickly and at modest cost, while preserving the considerable military capability of this system. The Small ICBM represents the future of the ICBM force. It offers a high degree of survivability, even with virtually no warning. But, it will not be ready to deploy as soon as Rail-garrison and will obviously be more expensive than a multiple warhead system. We can field Rail-garrison in the near term while at the same time continuing development of the Small ICBM for 1997 deployment. We likewise need to commit to an ICBM mobility program to avoid a deadlock in the START negotiations on the mobile issue.

In addition to the requirement for these forces as the heart of our nuclear deterrent strategy, in which they form an integrated and inseparable whole, there is the role which this modernization program plays in our arms control strategy. We are entering a very important and promising stage in our strategic arms control negotiations. We have already introduced some changes in our position and we are actively considering others which could make a significant contribution to the stability of the nuclear balance. To pull the rug out from under me at this crucial juncture by weakening my program could destroy this opportunity to make real progress. Indeed, it could even prevent the conclusion of an arms control agreement. I need the negotiating flexibility which this dynamic and sensible modernization program provides. Don't prevent me from achieving a treaty which could make great strides toward reducing the chances of nuclear conflict.

Let me add two cautionary notes. First, good arms control cannot be legislated. I seek and welcome the advice and counsel of the Congress and regularly consult you on the full range of arms control issues. But, in the final analysis, I must be responsible for negotiating arms control agreements. The many arms control amendments that are customarily proposed to the defense bills only undercut me and our foreign policy and frequently have an effect opposite to that intended by their sponsors.

Second, the pressures to play one modernization program off against another or to pay for one with cuts in another threaten the balanced strategy behind our programs. Secretary Cheney and I have had to make hard choices in these times of tight budgets—this budget is the best balance of needs and affordability and represents an integrated strategic approach.

As you begin final debate on the defense bill, I ask you to carefully consider the affordable, integrated plan we have designed to strengthen deterrence, to reinforce the incentives for change in the Soviet Union, and to further our goal of negotiating arms control agreements that will reduce the likelihood of nuclear war. We cannot afford to lower our defenses because of Gorbachev's rhetoric, and we cannot afford to pull the rug out from our negotiators, and we cannot afford to forfeit the investments we have made in strategic modernization. We can afford to make the needed improvements provided by this cohesive, fiscally sound package. It deserves your support.

Sincerely,

GEORGE BUSH.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN pro tempore (Mr. KLECZKA). The gentleman from Alabama has consumed 17 minutes.

The Chair now recognizes the gentleman from Oklahoma [Mr. McCURDY], a member of the committee.

Mr. McCURDY. Mr. Chairman, I yield 6 minutes to the gentleman from Georgia [Mr. DARDEN], a member of the committee.

Mr. DARDEN. I thank the gentleman from Oklahoma for yielding.

Mr. Chairman, today I rise in strong support of this legislation which authorizes and brings forth to this House of Representatives our bill for the Defense Department authorization this

year. This bill makes a strong commitment to our strategic triad and at the same time makes the necessary tactical and conventional authorizations to keep America safe and to keep America strong.

This is always a controversial bill, Mr. Chairman, and it will always be controversial whenever we come to the floor and authorize in a single bill more than 50 percent of the total amount of discretionary spending that the entire Federal Government appropriates every year; $306 billion to be authorized by this legislation represents more than half of the money over which this Congress has control. So consequently it should be very hotly contested, it should be debated very carefully and we should spend a lot of time considering this legislation.

I know there is a general tendency among those of us in Congress to come in and say, "Follow what the committee does and let the committee system bring to you the right decision."

I am a member of the Committee on Armed Services and I am very proud of what this committee does. However, I realize this is one bill in which the entire membership is involved because all of us must be interested in the defense of this country and all of us have some responsibility on this vast amount of money that we spend on the DOD authorization.

So as one Member, Mr. Chairman, of the Committee on Armed Services, I welcome our colleagues to come to the floor and give us input here. This is a very difficult job and it is one that we need all the help and assistance we can get from the entire body and not just from the committee alone.

I would also like to say on behalf of our chairman, the gentleman from Wisconsin [Mr. ASPIN] has done an outstanding job here. He has done a difficult job and he has done an unpopular job.

There have been many of those of us who have been critical of his positions from time to time because we had our priorities and we had our problems and our interests. But I do not know of anyone who has withstood more pressure in any more difficult situation than he has done in bringing this bill to the floor.

Mr. Chairman, I used to practice law, a number of years ago in Georgia, and was called upon to take a number of domestic relations cases.

I found out in a small town that the type of practice that you had was dictated by what happened to be coming into the office on that particular day. I found out handling a number of divorce cases that whenever a settlement was reached that did not please everyone and all sides were somewhat upset at the results, that perhaps that might be a good solution. I think that is the situation we have here on a bill which has been acted on by the committee.

If I were personally writing the legislation, I would change a number of things in it. I am sure the various committee members, if they were solely in charge, might make some changes. I think this bill represents the best possible compromise we could reach under the circumstances.

When you consider we have 52 committee members from all philosophies, from all parts of the country, from every single perspective, I think the committee has done a good job.

Our vote was not unanimous. Our vote in many instances was very, very divisive. But I think we have a product here of which we can all be proud and it deserves the overwhelming endorsement of this House of Representatives.

There are a couple of issues I want to mention specifically that the committee addressed and addressed very responsibly.

First of all, the issue today that everyone seems to be interested in and that everyone seems to have discovered recently is the B-2 or Stealth bomber.

Ladies and gentlemen, this issue has been with us for many years. It is not something that just happened overnight. I see a number of our colleagues who jumped up recently in righteous indignation at the so-called sticker shock. But we have known for a long time this was coming. Many of us have known that the costs were going to be exceedingly high.

We have already paid for one-third of the cost of this entire program.

I do not think it is responsible to at this time walk away from it.

The other topic I am particularly interested in, Mr. Chairman, is that of the National Guard and Reserve modernization. There is no question that we must continue to improve and upgrade the equipment of our Guard and Reserve forces. Budgetary restraints will only result in an ever-increasing reliance on the total force concept. If we expect the Guard and Reserve to fight we have the responsibility to give them the necessary weapons and equipment with which to fight.

So this bill I think makes adequate provision for the National Guard and Reserves.

In conclusion, Mr. Chairman, several days ago I had an opportunity to discuss our defense priorities with the President of the United States. I reminded him that the National Guard and Reserve, more than any other group, was carrying its share of the load, but to do its job it must have the necessary equipment. But what I told the President of the United States I tell my colleagues here today, "It does not make sense to give these people the job and not give them the tools."

□ 1710

Mr. DICKINSON. Mr. Chairman, it is my pleasure to yield 8 minutes to the very distinguished gentleman from Arizona [Mr. KYL].

Mr. KYL. Chairman, when President Bush was elected and sworn into office, one of the very first things he did was to ask for a comprehensive review of this Nation's foreign and defense policy. He said that we should challenge assumptions. Nothing should be left unchallenged, including the strategic defense initiative.

When the report was in, my colleagues, the strategic defense initiative remained one of the highest priorities of this administration, recently confirmed by our own President Bush.

Why do we need the strategic defense initiative? I would like to very briefly go over the six primary reasons, and then discuss amendments we will be called upon to vote upon the very first thing tomorrow.

The first reason we need SDI is to enhance our deterrence and to place it on a more stable basis. If the enemy is not sure he can succeed in an attack, then he is not going to attack. SDI will inject that doubt into any enemy's planning process, so complicating any attack, that he would not dare to attack. That is the basic reason for the strategic defense.

Second, robust funding of SDI will enable us to have a hedge against a Soviet breakout. Let there be no doubt that the Soviets have been spending a lot more money on their version of SDI than the United States, 8 to 10 times as much is the estimate; and, in fact, they have a partial system in place. Whatever else is happening in the Soviet Union, with glasnost and perestroika, we know one thing: They have not pulled back at all on the amount of effort and money spent on their high technology and science projects. They are continuing to fund the kind of effort that we need to fund in the area of strategic defenses, and therefore, this is the second reason for supporting SDI.

The third reason, Mr. Chairman, is that the Soviets have developed two very sinister mobile systems, at a time when we have not done so. Both the SS-24 and the SS-25 are systems which can elude our attacking ICBM. There is no way we can identify where they are. In fact, we have been talking about the B-2 not being able to find these relocatable targets. As a result, we have no way of holding these assets at risk, and it is important to us to be able to defend against them. That is another reason for the strategic defense initiative.

The fourth reason, Mr. Chairman, is that we are engaged in START negotiations now, and our intention there is to draw down the number of offensive weapons on both sides. If we reduce

the number of weapons below the 50 percent threshold or even more, cheating becomes very important, because if one side or the other were to cheat, it makes its advantage much greater than if we have the tens of thousands of warheads that we have now. As a result, in a START regime, verification and insurance become very important. SDI provides that insurance. Even if the Soviets cheat, we are able to protect ourselves against such cheating by having SDI. Concomitantly, Mr. Chairman, what this does is make it much easier for the United States to agree to significant limitations under a START agreement because we will always know that even if the Soviets do cheat, we can protect ourselves through SDI.

Fifth, we need SDI to protect against accidental launch or Third World launch. CIA Director William Webster has recently noted that 15 Third World countries are likely to have the ballistic missile capability within the next decade, and that means that since it is not too difficult to put a chemical warhead on a ballistic missile, those nations are going to have the capability of blackmailing others in the world. If we do not have some method of protecting ourselves or others against such attack, we subject ourselves to that kind of blackmail. It is important, therefore, to protect either against accidental launch or attack by Third World countries. I might note, Mr. Chairman, that the vast majority of Americans overwhelmingly support a defense for this purpose.

Finally, Mr. Chairman, SDI promotes our negotiating position in both START and the D and S talks. Ambassador Rowny has recently confirmed that we need to demonstrate our will to the Soviets in order to have the kind of leverage that will bring them to the bargaining table and cause them to make the kind of commitments and the concessions that we want them to make. Conversely, if we unilaterally reduce the amount of our commitment to SDI, we are giving up something for nothing. There is no quid pro quo, and there is no reason why the Soviets do not simply sit back and say, "Well, let us wait for the United States to make another concession next year. If they cut it in half this year, maybe they will cut it in half again next year, and we do not have to worry about SDI."

Mr. Chairman, it does not make sense for Members to vote deep, deep cuts in SDI at the very moment we are at the bargaining table. For all these reasons, I hope my colleagues will vote for a robust funding amendment for SDI, and reject the Dellums amendment tomorrow.

Mr. McCURDY. Mr. Chairman, I yield 5 minutes to the chairman of the Subcommittee on Military Installations and Facilities, the gentlewoman from Colorado [Mrs. SCHROEDER].

Mrs. SCHROEDER. Mr. Chairman, I am pleased to chair the Military Installations and Facilities Subcommittee, which has jurisdiction over both military bases and defense burdensharing. I will spend a moment to describe what the committee did in these areas:

The subcommittee cut lower priority overseas projects totalling $390 million and, with those funds and some domestic cuts, funded $305 million in new and revitalized family housing, over $400 million in high priority projects brought to our attention by Members of Congress, and 38 new child care centers costing $68 million. Of the added projects, over $100 million was for our citizen-soldiers, the National Guard and the Reserves. The subcommittee added family housing where it was most needed: Long Beach, Camp Pendleton, El Toro, and San Francisco, CA; Hawaii; Ballston Common, NY; and Guantanamo, Cuba.

I am very proud of what we were able to do because of the inadequate amount of military construction funds we had allotted. The rest of the DOD budget was shaved; Milcon was scalped in the Bush budget. And, due to the way the budget process works, we cannot do much to record priorities between defense accounts. Still, the Members of the House should know that conditions at many Army and Navy bases are deplorable. Only by aiming our resources at improving base conditions can we turn this embarassing situation around.

About 75 percent of the cuts we made came from projects abroad. Bricks and mortar last half a century; our base rights in countries like Panama, the Philippines, and Greece may not last the decade. The conventional force reduction talks in Vienna may mean that we abandon many of our bases in Germany and other countries in the central front.

Moreover, the subcommittee believes that we should be pressing our allies to provide much more military construction as host nation support, using the Japanese Facilities Improvement Program as a model. Japan has a strong host nation support program; Korea has a weaker one. Germany provides little support at all. If American troops are stationed in these countries to meet mutual defense obligations, the host nation should foot a major portion of the bill.

Given all these factors, it was only prudent to subject overseas spending to the most rigorous scrutiny. This scrutiny meant that we funded no projects in Panama, the Philippines, the Bahamas, Honduras, Luxembourg, Oman, and Somalia. New construction in Germany was cut from $320 million in fiscal year 1989 to $139 million in fiscal year 1990.

One overseas issue of great interest is the forced move of the 401st Tactical Fighter Wing from its present base of Torrejon, Spain. For a whole batch of reasons, the Spanish do not want 79 American F-16's in the suburbs of Madrid. Our negotiators, together with NATO and the Italians, developed a proposal to build a brand new base at Crotone, in southern Italy. The whole base will cost $900 million. The United States will end up paying $500 million. The subcommittee did not consider this a good deal and voted to cut our contribution to the NATO infrastructure account to stop construction on Crotone. In full committee, an amendment was adopted to place a cap at $250 million on the U.S. share of any new base for the 401st TFW outside the United States. If NATO will not come up with the extra money, we will have to move the plans to an existing base in Europe or back to the United States.

Besides the burdensharing provisions I have already discussed, H.R. 2461 reduces the European troop ceiling by nearly 15,000 positions associated with Intermediate Nuclear Forces [INF]. The INF Treaty eliminated this class of weapons and so there is no further need for these positions. The end-strength of the Air Force was also reduced to reflect the elimination of these INF positions. The Army had already scheduled the reduction of their INF positions.

Another important issue concerns the Navy's plan to lease 3 million square feet of office space by accepting bids only from northern Virginia landlords. This plan will raise prices by shifting competition. So, the subcommittee added language to require the solicitation to cover the entire National Capital region. Also, the subcommittee added language to require the Secretary of Defense to look at the concentration of Navy functions in Washington, compare that with other services, and see whether some Navy functions can be moved elsewhere.

The subcommittee has jurisdiction over the real property maintenance account [RPMA] within the O&M budget and over the new base closure account. We funded 97.4 percent of the RPMA request, transferring the balance to build new family housing. We authorized the full $500 million request for the base closure account. Congress voted to have the base closures take place as recommended; the subcommittee acted to make sure that happens.

Last Congress, I chaired the Armed Services Panel on Defense Burdensharing. That panel sent out a strong message: That it is neither fair nor affordable for the United States to do so much and our allies to do so little to

meet our common defense burden. The administration takes the view that we have to spend even more to encourage our allies to spend more. We believe that we should have a defense budget which meets our own vital interests and, thereby, force our allies to structure their budgets to meet their defense needs.

H.R. 2461 is a strong burdensharing bill. It can be made stronger by the adoption of two amendments:

Representative IRELAND will offer an amendment to reduce the number of civilian employees of the Department of Defense in Europe to account for the elimination of INF combat units. Since the INF Treaty eliminated INF weapons, there is no need to retain the employees whose jobs related to these weapons.

I will introduce an amendment to prohibit the use of funds to operate or maintain bases in countries where the base rights agreement involves the promise of foreign aid. The amendment only applies to new base rights agreements, so it does not affect any existing arrangements. Nevertheless, we now spend about a quarter of our foreign aid budget—about $2 billion a year—to pay for base rights. This is wrong. Decisions about foreign aid should be made independently of basing arrangements.

□ 1720

The CHAIRMAN pro tempore (Mr. WOLPE). The time of the gentlewoman from Colorado [Mrs. SCHROEDER] has expired.

Mr. DICKINSON. Mr. Chairman, I yield 5 additional minutes to the gentlewoman from Colorado [Mrs. SCHROEDER].

Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, I wonder if, for the edification of the Members here, the gentlewoman would discuss what was done on the Milcon portion of the bill as it deals with the 401st in Crotone, Italy.

We had a delegation here recently from the North Atlantic Assembly. From the conversation that ensued, this is probably one of their priority things. They wanted us to tell them what had been and what we could expect. This is not business as usual. We on the Committee on Milcon have addressed this problem, and I wonder if the gentlewoman could enlighten the Members as to what the Milcon Committee did in fact do.

Mrs. SCHROEDER. Certainly. The gentleman from New York [Mr. MARTIN] and I and the committee did not want to drive a spike into the Crotone situation, because as things get restructured, maybe our NATO allies think that is of the highest priority. But our feeling was that we knew it was costing us a lot of money and we could not be expected to fund this in the same way we have funded everything from 1945 on.

We were being kicked out of Spain, and we were paying severance pay. We were being a good neighbor in Spain, and all sorts of things. We were not saying, "No, they cannot move," but we do say, "no, they cannot shift all sorts of costs on us the way they used to."

As we know, the United States picked up a certain percentage of the NATO infrastructure, but then they turned around and said, "However family housing isn't included." In that part of Italy we have to have housing because there is no housing there; it is undeveloped. But they say that all sorts of things are not included.

So as we looked at it and as we held extensive hearings on it, we saw it was going to be very expensive for us because they were going to shift off a lot of costs on us. So what we are saying to the Europeans is: "Hey, we don't want to be bad guys, but we just want you to know that the deal cut in 1948 does not fit today, because you are all thriving and you have got to help us a little more. We are getting kicked out of Spain, and if you want to pay a little more of this, we will talk about it."

So we did not kill it, but we also did not run out and say, "Oh, yes, that's a great idea. How much should we pay?"

So we are changing it from "Uncle Sugar" to "Uncle Saccharin," I guess, and we are looking at this with great skepticism.

Mr. DICKINSON. Mr. Chairman, I was wondering if the gentlewoman could inform the Members as to how she dealt with it, if there are treaties and other prospective agreements as it relates to severance pay in the future, and also job preference for dependents, and so forth. Was this dealt with in the military construction portion of the bill?

Mrs. SCHROEDER. There was also some of this done in the subcommittee chaired by the gentleman from Florida [Mr. HUTTO], as I understand it, relative to the future of it. But as the gentleman knows, no treaty has been signed yet with Italy vis-a-vis Crotone. We do not want anymore treaties signed like the one signed with Spain where there can be severance pay for Spanish workers after the Spanish voted to kick us out. We felt that was absolutely foolish. So that cannot be done.

I am going to be offering an amendment on the floor that I could not offer in the committee saying that in the future they cannot tie bases to military aid, that they cannot use military aid as extortion or rent for bases. We could not do it in committee because there would have been a joint referral to the Committee on Foreign Affairs.

I felt that that is very important, that our allies should not be using us to tap-dance around those issues. We tried to take a good government type approach to it and a new day type of approach to it to tell our allies that we are there as an ally and not as a deep pocket.

Mr. DICKERSON. Mr. Chairman, I thank the gentlewoman from Colorado [Mrs. SCHROEDER], and I now yield 9 minutes to the ranking member of the subcommittee, the gentleman from New York [Mr. MARTIN].

Mr. MARTIN of New York. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in support of the committee bill as it was reported to the floor, and I would like to take this opportunity to thank the Chairman of the Subcommittee on Military Construction, the gentlewoman from Colorado [Mrs. SCHROEDER]. She has my sincere appreciation for her outstanding leadership, her fairness, and her personal dedication that she has shown in leading the subcommittee through some very difficult times. The subcommittee has had to make some very tough decisions in this year's military construction authorization.

Two years ago, at nearly the same time of year, I stood before the Members and related the declining status of military construction. If I may, let me recap some of the number for the Members so they may have some indication of where we are going in this area.

In 1985 the military construction authorization was cut by 14 percent, in 1986 it was cut by 11 percent, in 1989 by 16 percent, and by 18 percent in 1988 and 1989. This year we are maintaining that 18-percent reduction level. It does not take a rocket scientist to see that even though the defense budget is advertised at zero growth, in military construction we have been losing ground. The cuts—or maybe I should call them adjustments—that were made this year were made to accommodate many of the long overdue quality-of-life facilities urgently needed by our services. I do not blame the individual services for not funding these projects themselves. There are many competing programs within the defense budget. The committee has reprioritized or bumped up several projects.

We have added nearly 1,500 units of family housing and 15 additional child care centers to the administation's original request. The committee made a conscious decision to fund these additional housing and child care projects rather than invest more in overseas areas, because due to current arms reduction talks, they may not be needed in the near future. This is not

to say that overseas projects are not important, not at all. This merely means that we must invest more for our servicemen and woman here in the United States, where we know they will be located for the next 5 years.

Trying to strike a balance on this issue is a difficult task, a task that the Department of Defense has tried to accomplish for many years. This budget, as far as military construction is concerned, as passed by subcommittee and the full committee, is a sincere effort to balance the scales.

I wanted to make some other comments, if I might, relative to the comments of the gentleman from Alabama [Mr. DICKINSON] and the gentlewoman from Colorado [Mrs. SCHROEDER] relative to the 401st Tactical Fighter Unit that we apparently want to move from Torrejon, Spain, to Crotone, Italy. What the committee did is this: In feeling, as the gentlewoman from Colorado said, that we were being asked to bear an inordinate share of the construction of the new base in Italy, we have put a ceiling of some $250 million in the budget. Under the arrangement in NATO infrastructure, we pay a share of some 27.8 percent, but unfortunately, when we total up the cost of this entire facility, we find out that the United States is being asked to bear the cost of the base exchanges, the commissary, the bowling alleys, the housing, and everything else that goes along with the base, and that would require us to pay something on the order of a half a billion dollars. We feel that this is inordinate and unwarranted, and I think we are going to have to have continued negotiations and more understanding from our NATO allies, that if we are going to be asked to leave a base through no fault of our own, it is the responsibility of all the NATO countries working together to make us whole.

We would hope that the Department of Defense, as well as the State Department, would understand that we feel very strongly about this, and over the course of the next 3 years, as this change has to be made, we are going to hang very tough in ensuring that we are not called upon to pay an inordinate share of the budget.

Mr. Chairman, as I said, I rise in support of the committee bill as it was reported to the House. The committee accepted some changes in the budget that was sent to us by Secretary Cheney. In particular, by a division vote in the committee of nearly two to one, the committee felt without question that notwithstanding our support of Secretary Cheney, we did not agree with the naval aviation package, and the amendment of the gentleman from Pennsylvania [Mr. WELDON] was agreed to, which changed the priorities as far as Secretary Cheney is concerned on the V-22 and the F-14D. I want to point out that about 98 percent of Secretary Cheney's budget is here intact and there were very few changes made in committee.

□ 1730

Mr. Chairman, I would like to point out that Secretary Cheney, when he was here, was probably the most popular Member I have ever served with. He was well liked by Members on both sides of the aisle, but I cannot find one person who served with Dick Cheney who voted the same way he did each time, and, when his document was sent up here after only 39 days as Secretary of Defense based on his acceptance of the recommendations of the people he inherited, we felt at least two things had to be changed. One was the V-22, which is something that the Marine Corps has given up a lot of their budget for in the last 2 years in order to ensure that they have this vehicle to carry the Marines into the next century. It is a lot faster. It has greater range and versatility.

Mr. Chairman, I was at the Brooke Army Hospital not long ago, and I had the opportunity to visit with 12 heroic marines who were burned in that terrible helicopter crash in Korea not long ago, and it occurred to me that perhaps helicopters are not the best way to carry us into the next century.

Mr. Chairman, the other thing I want to talk about in the limited time I have is the F-14D. Secretary, Lehman, a few years ago, came up with a very good idea that we buy some new F-14D's, the state of the art, and we also get some good-as or better-than, cheaper, remanufactured F-14D's, and I think that is a good package. Good-as or better-than F-14D's would be less expensive, and the Navy would accept them knowing full well they have a shorter lifespan because of the number of hours on the airframe. What is very interesting, when they talk about closing down the production or manufacture of new F-14D's, when I hear conversations on the floor of the House, and in committee, talking about the F-14D, Members speak as though the Navy had some of them. Mr. Chairman, it might come as a real shock to my colleagues that the U.S. Navy does not have one single F-14D. They are still on the production line, and yet we are talking about shutting down that production line and remanufacturing the F-14A's into F-14D's when we have not even accepted or test flown the F-14D's.

Mr. Chairman, that has been a pretty well-kept secret around here, and I ask my colleagues, "Do you know what they tell you is going to replace the F-14D's in the mid- to late-1990's?" Are my colleagues ready for this one? The Navy version of the advanced tactical fighter. The House Appropriations Committee I understand just cut over $1 billion from R&D on that project. As we go through the debate here on the B-2, does anyone really think that the Navy advanced tactical fighter is going to be on the aircraft carriers in the mid-1990's? My colleagues know far better than that.

Mr. Chairman, I have three cities in my district that are smaller than a carrier battle group, and, if we are going to be protecting them with paper airplanes that have not even come off the design board, I think maybe the committee was absolutely correct, and I think that the entire House ought to support the committee position, which was about 98 percent of the Cheney budget and only changing the naval air package. I would hope that the Congress would support the Armed Services Committee work product.

Mr. ASPIN. Mr. Chairman, I yield such time as he may consume to the gentleman from Massachusetts [Mr. MAVROULES].

Mr. MAVROULES. Mr. Chairman, I rise in support of the bill and I will proceed with further discussion of the issue on the merits tomorrow.

Mr. Chairman, after careful consideration of numerous measures within the jurisdiction of the Subcommittee on Investigations, the subcommittee recommended incorporating several amendments into the fiscal year 1990 defense authorization bill. Besides four technical amendments, the subcommittee adopted the following: A requirement for submission of budgets by the combatant commanders, two amendments relating to professional military education, a mandated study of close air support, and report language on night vision goggle accidents and casualty assistance programs.

Several amendments that concerned acquisition policy and reform were referred to the subcommittee. Secretary of Defense Cheney and President Bush recently released a report on Department of Defense acquisition management. A careful study of these recommendations, as well as other provisions aimed at improving acquisition, will require more analysis. Consequently, during the subcommittee's markup, I moved that those 13 amendments dealing with acquisition be deferred, and included in a subcommittee acquisition reform package to be considered later.

As a result of several hearings, including a meeting with Federal "drug czar" William Bennett, the Subcommittee on Investigations developed and approved unanimously an extensive drug interdiction amendment. This amendment includes $450 million earmarked from within the defense budget for drug interdiction, including $70 million for the National Guard. The package also includes extensive legislative and reporting provisions designed to clarify, and strengthen DOD's contribution to our war on drugs, without directly involving the military in search, seizure, and arrest actions. We believe the military can make a significant contribution, at no cost to our other anti-drug efforts, or to the defense budget, and at the same time enhance conventional readiness.

Mr. ASPIN. Mr. Chairman, I yield 3½ minutes to the gentlewoman from New York [Mrs. LOWEY].

Mrs. LOWEY of New York. Mr. Chairman, today I rise to urge my colleagues to join Chairman RANGEL and myself in supporting an important amendment which will be brought up before this body later in the week. Congressman RANGEL and I have introduced an amendment expressing the sense of Congress that the Secretary of Defense should give highest priority to the conversion into prisons and drug treatment centers of the 86 military bases targeted for closure under the Base Realignment and Closure Act.

I supported closing the military bases recommended in the Base Realignment and Closure Act because the closings will save some $693 million immediately. But, the closing can potentially save much more money in the long run by making the closed bases available to the appropriate authorities without reimbursement for conversion into prisons and drug treatment facilities.

Converting the closed bases into Federal or State prisons or drug treatment centers will help us respond to the dangerous national shortage of prison and drug rehabilitation space—a shortage that will prove extremely expensive and risky if we do not act now.

The drug crisis in the United States is a national emergency and should be treated as one. Foreign troops are not coming over our borders today, threatening our way of life. If they were, we would all respond with unquestioned vigor and commitment. The tragic reality is, however, that drugs are crossing our borders and threatening our country's future every day. Drugs rob the young of their initiative, drug trade entices otherwise productive members of society to turn their energies to illicit behavior, and drug use results in increased crime which threatens every community. We must respond with the same commitment with which we would respond to an armed invasion.

As we know, Federal prisons are between 37- and 73-percent overcrowded. The pressure from overcrowding is building, resulting in increased pressure for early releases which are, in many cases, totally inappropriate. From 1980 to 1987, total U.S. prison population, including State and Federal prisoners, increased from slightly over 300,000 to almost 600,000. That is a 76-percent increase in 7 years. This jump in prison population is not just the result of more crime. Since 1980 the number of incarcerations compared with reported crimes has risen steadily. In 1980, 25 offenders were committed to prison for every 1,000 murders, manslaughter, rapes, robberies, aggravated assaults and burglaries reported to the police. In 1986, 43 people were incarcerated for every 1,000 offenses.

This trend of increased enforcement needs to continue. But there is a very real and serious constraint—space.

In addition, the need for drug treatment facilities is unquestioned. To win the war on drugs we must fight it both from the supply and demand sides. Fifty-one percent of the cocaine consumed in America is being used by only 10 percent of cocaine addicts. Demand for cocaine is clearly driving the supply.

But, even if an addict wants to get out of the cycle of addiction, treatment is available for very few of those who need it; 6.5 million addicts need help to break the habit. Two million of those addicts are willing to pay for available, affordable treatment every year. But there are only 250,000 treatment slots available nationwide. Even if an addict wants to rid his life of drugs, the chances of finding treatment are slim, and delays can often cost lives in this deadly business. We cannot win this war on drugs without curbing demand. Affordable, available treatment is critical to achieving that goal. Converting these closing military bases into drug treatment centers would be a major contribution to that end.

Mr. Chairman, I urge all our colleagues to support this important measure.

Mr. DICKINSON. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. WELDON].

Mr. WELDON. Mr. Chairman, I thank the gentleman from Alabama [Mr. DICKINSON] for yielding this time to me.

Mr. Chairman, I rise today in support of the bill as reported out the Committee on Armed Services. Later on during this debate I will be offering an amendment regarding the Krasnoyarsk treaty violation that the Soviets have been involved in that is currently violating the ABM treaty, and I would ask my colleagues to support that action.

Mr. Chairman, this budget and this defense bill is really a credit to Secretary Cheney, an effort that he put forth in about 39 days to come up with an approximately $300 billion budget. Ninety-eight percent of his procurement requests were held, and a line was kept in committee as we debated the various issues and programs under our consideration. That in itself is a major accomplishment.

As a matter of fact, only two major amendments were accepted in the full committee that actually changed the Cheney request. One was the amendment offered by the gentleman from Mississippi [Mr. MONTGOMERY], my colleague and friend, relating to support for the Guard and Reserve, and the second was an amendment offered by myself and my colleagues, the gentleman from Virginia [Mr. SISISKY] and the gentleman from Pennsylvania [Mr. FOGLIETTA], dealing with the restoration of the F-14 and the V-22.

□ 1740

These two amendments, even though they were considered, kept within the framework of the congressional and administration budget summit agreements, so we did keep within the dollar amount laid out by the President and by the leadership of Congress.

These issues were heavily debated in the subcommittee and in the full committee and these amendments that were finally accepted in the committee were done so after extensive deliberations.

As a matter of fact, the V-22 program itself sustained five separate votes in the subcommittee and in the full committee activities in the Armed Services Committee. It was 11 to 7 in the Research and Development Subcommittee; 31 to 19 to reverse that action in the full committee; 28 to 15 on a divisional vote to accept the F-14 and V-22; a 26 to 26 tie to delete the V-22 and F-14, and a 47 to 5 vote to report the bill out to the full House.

In addition, the Defense Appropriations Subcommittee has already put in their bill full funding for the V-22.

The logical question is why the tremendous support for the V-22 program, the new tilt rotor technology?

It will be argued on this floor that it is because of pork or parochial interests in certain Members' districts. I will submit to my colleagues that that is the last thing that was involved in this decision to reverse the decision of the Secretary to cut the V-22. It was the right thing to do.

As a matter of fact, the best arguments for restoring the V-22 were given not by Members in Congress or by this body, but by the officers and the key leaders in the administration of the Secretary of Defense, people like Admiral Dunn, responsible for Navy aviation; General Pittman, responsible for Marine Corps aviation; General Grey, the Commandant of the Marine Force. These individuals in at least five separate subcommittee and full committee hearings on the record refuted the two basic arguments put forth by Secretary Cheney as being the foundation for cutting and eliminating the V-22. They argued that the issue of affordability and of a narrow mission should not cause us to cancel this very vital program, important for the Marine Corps and our special operations forces; yet in talking about the rebuttal to the narrow mission, it was put on the record that the Marine Corps itself has listed and the Department of Defense has listed 33

separate missions that the V-22 can perform if allowed to be completed.

On the affordability issues, and we will get into this in more detail during the debate, two alternatives were provided to us to meet the demand that the V-22 would be able to handle. Both the single sling option and the dual sling option are both in fact more costly than the V-22 and, in fact, neither of them have been tested by the Marine Corps and by the Department of Defense.

So in reality, there is no alternative to the V-22, and the key people for the Secretary of Defense, General Pittman, Admiral Dunn and General Grey, stated this on the record time and again.

Because of the arguments presented by the leadership of the Marine Corps and the Navy and because of the strong support of the Members of this body and the Senate, overwhelming votes were taken to restore the V-22 program, and it is a key part of this bill that we are going to be considering this week.

I would ask my colleagues to look hard and fast at the arguments for the V-14, for the V-22 and for the Montgomery amendment that restores funding for the Guard and the Reserves.

We need to support this bill as it came out of the committee because it is good legislation. It looks at our priorities, and more importantly, takes care of those needs that we will have into the year 2000 and beyond.

I ask my colleagues to strongly support the bill as it was reported out, and to strongly oppose efforts to eliminate the V-22 when that appropriate time arrives.

I thank my colleagues again for yielding me this time.

Mr. ASPIN. Mr. Chairman, I yield 6 minutes to the gentlewoman from Maryland [Mrs. BYRON].

Mrs. BYRON. Mr. Chairman, as chairman of the Subcommittee on Military Personnel and Compensation, I rise in support of titles IV, V, VI, VII, and VIII of H.R. 2461—the military personnel portion of the National Defense Authorization Act for Fiscal Years 1990 and 1991.

During the first session of the 101st Congress, the subcommittee has held 11 hearings to date—I worked them very hard—two of them in the field, on the budget request for the active and reserve forces, medical care, child care, shortages of health care professionals, and pilot retention. The product before you represents the fruits of those labors.

In the area of end strengths, the revised Cheney budget represents an 11,700 cut for fiscal year 1990—7,400 in the Army, 1,200 in the Navy, and 3,100 in the Air Force—and an additional 1,400 cut for fiscal year 1991. The committee made several major changes to the manpower request: First, the elimination of 1,305 active duty spaces identified in the report of the DOD Deputy Inspector General as duplicative and overlapping headquarters functions; second, an additional end strength reduction of 4,385 for the Air Force in fiscal year 1991 reflecting the full take-down of forces associated with the Intermediate Range Nuclear Force [INF] Treaty; and, third, a reduction from 326,414 to 311,627 in the European troop ceiling—reflecting a cut of 14,559 authorizations for INF and 228 for headquarters personnel.

Several of the services have begun to experience recruiting difficulties during the current fiscal year at a time when youth unemployment has declined significantly and private sector wages are on the rise. To enhance the tools available to recruiters, H.R. 2461 increases the maximum enlistment bonus authority which the Army plans to use for difficult-to-recruit skills, like electronic warfare specialists, and increases the Montgomery GI bill kickers which are used as an added incentive to attract upper mental category recruits into critical skills. In addition, as further inducement for enlisted reserve recruting, we added vocational-technical training to the program of education available under the reserve portion of the Montgomery GI bill.

In the area of pay and other compensation, H.R. 2461 includes the 3.6-percent pay raise requested in the President's budget. The committee felt strongly that this was the minimum pay raise needed to recruit and retain the high quality young men and women we currently have in the Armed Forces. We would, in fact have liked a higher raise since both private sector wage growth and inflation will substantially exceed 3.6 percent this year, but that wasn't possible under current budget constraints.

This year we focused special attention on the recruitment and retention of two groups of highly trained professionals who can command high salaries in the private sector: pilots and physicians. In both cases, the value of their special pays has eroded considerably since the substantial increases enacted in 1980.

For pilots, H.R. 2461 provides a 60-percent increase in Aviation Career Incentive Pay [ACIP]—or flight pay—for those in their prime flying years and also tightens the gates—the number of years of cockpit time needed to qualify for ACIP.

In the case of physicians, H.R. 2461 increases the medical special pays for all physicians with 6 or more years of service by 33 to 41 percent, depending on specialty and years of service.

In the face of a nationwide shortage of nurses, the committee has also approved a comprehensive package of incentives for military nurses, including an accession bonus for nurses who did not receive DOD financial assistance for their education, a Navy educational test program for nursing students at colleges that don't have ROTC programs, and an incentive special pay for nurse anesthetists, a highly paid group in the civilian sector.

The committee remains extremely concerned about that lack of adequate nursing, ancillary, and clerical support personnel for military hospitals. Far too often, a military physician, after a long and busy day of seeing patients, supervising interns, and attending to a multitude of administrative duties, must spend several hours handwriting or typing patient medical records. I have talked to any number of military doctors who report wheeling patients to radiology or the laboratory themselves because of the lack of a corpsman to do the job. Such conditions would be unthinkable in the civilian sector and are a major factor in declining physician retention rates. The committee has taken several actions to improve military hospital staffing support.

As an outgrowth of four hearings on child care during the past year, H.R. 2461 includes a number of provisions to improve the quality and expand the availability of child care to military personnel. I have to thank the gentlewoman from Colorado [Mrs. SCHROEDER] for her help in this area with child care facility finding.

In conclusion, let me say that I view the document before you as the bottom line minimum required to keep the high quality force we currently have. We have remained within the budget restraints approved in the budget resolution and have made the hard choices necessary to ensure that the increased pay and benefits approved by the committee are adequately funded. There is no question that people are our most precious asset and you get what you pay for. I strongly urge my colleagues' support for the personnel titles of H.R. 2461, as reported by the Committee on Armed Services.

□ 1750

Mr. DICKINSON. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from Virginia [Mr. BATEMAN], who is the ranking member of the Subcommittee on Military Personnel and Compensation of the Committee on Armed Services.

Mr. BATEMAN. Mr. Chairman, as ranking member of the Subcommittee on Military Personnel and Compensation, I rise in support of the personnel titles of H.R. 2461. Before getting into the specifics of what we accomplished this year, I want to thank our subcommittee chairman, Mrs. BYRON, as well as the other members of the subcommittee for their efforts in working to-

gether through the year and during markup.

This year's bill includes provisions designed to make a number of improvements in the quality of life for our military personnel and their families. For instance, in addition to the 3.6-percent pay raise which I am sure everyone will welcome, we included a provision which will prevent a reoccurrence of the net pay reductions we have seen in years past because of negative adjustments to the variable housing allowance. We have also been able to include provisions which will compensate active duty members for the upfront costs of moving into private quarters overseas. In conjunction with our approval of most of the President's request for active and reserve end strengths, I think we have done a good job of keeping the quality and readiness posture of our military forces strong.

With regard to bonuses, the committee has made a number of changes to the requirements and benefits package for pilots, physicians, and nurses. These actions are in direct response to the crisis we foresee in these specialties in the years ahead. In the case of pilots, we have increased flight pay and bonuses in exchange for relatively modest increases in their flying hour requirements. Bonus provisions for doctors have been restructured, and we have approved a number of new incentives to recruit and retain nurses. We have also increased reenlistment bonuses for those in other critically short career fields. All in all, I believe these provisions will measurably improve the quality and quantity of professionals serving in our armed forces today.

Overall, Mr. Chairman, this year's defense bill represents a balanced and farsighted approach to the areas of military personnel and compensation and I urge my colleagues to vote for them.

Mr. ASPIN. Mr. Chairman, I yield 6 minutes to the gentleman from California [Mr. DELLUMS].

Mr. DELLUMS. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, and members of the committee, I rise as chair of the Subcommittee on Research and Development. In that capacity, I have a written prepared statement on the activity of the Subcommittee on Research and Development and our contribution to this legislation, and I would simply submit that for the RECORD. I will use my time wearing my other hat, and that is as a representative of the Eighth Congressional District in California, and speak to the legislation in general.

First, I would like to thank my distinguished colleague, the gentleman from Michigan [Mr. BONIOR], a member of the Committee on Rules, for his apology to me earlier today on the floor, and I, in turn, apologize to him. He and I are close personal friends.

When I took the well earlier today on the rule, I was simply attempting to say, Mr. Chairman, as I have done over the years, that when it comes to debating the defense authorization bill, we tend to opt for efficiency as opposed to substance, that we ought to spend much more time debating the national-security issues of our time and the megabillions of dollars that go forward in the name of American national security. That was the only basis upon which I was making my argument, no other strategies involved, but when one is reduced, as I am for example, in offering an amendment tomorrow whose practical effect will be to stop the program we euphemistically refer to as star wars, and reduced today to 6 minutes on an issue of such incredible magnitude, it at least lets one understand what this gentleman was trying to say.

Having said that, Mr. Chairman, and members of the committee, I would like to move on. I was impressed on Friday of this past week, when a Soviet general appeared before the Committee on Armed Services, and I might add parenthetically that the distinguished Soviet general was better received by the Committee on Armed Services on Friday than this gentleman was in the early 1970's when I went to the Committee on Armed Services from Berkeley, CA. So the world is changing. And, in my humble opinion, changing for the better.

Mr. Chairman, I believe that this moment is pregnant with great potential, the potential to move the world closer to peace, to be in a position to turn over to our children and our children's children a world less dangerous than the one we inherited, a world better than the world we inherited, hopefully a world without the danger and tragedy of nuclear weapons. I believe that the Members and I desperately need to fashion a military budget based on these new emerging realities.

When this bill was reported from the full committee, I voted against this bill, but it was not a knee-jerk vote each year, but a vote to simply say, "You have not fashioned a military budget based upon new policy assumptions that ought to be marching us down the road toward peace and toward nuclear disarmament and toward that day when we have the audacity to think beyond the cruelty and insanity and absurdity of war itself," and if we were to do that, we would not be coming to the floor with this military budget that, in my humble opinion, still is a military budget based upon the obsolete notions of the cold war and not the emerging new realities of the world.

Mr. Gorbachev is a new reality. INF is a new reality. Some of the unilateral positions placed on the table for the reduction of several thousands of troops in Europe, standing down of tank divisions in Europe are new realities. What is taking place in Eastern bloc countries are new realities. Young students challenging in Tiananmen Square, in Beijing, are new realities.

This budget continues to be fashioned on obsolete notions of the cold war, and that is why I opposed it. If we could fashion a military budget based upon the new realities, we could redirect much of the resources of our country and begin to deal with the human misery that is taking place in America.

We are about the business of losing an entire generation of our children, children having babies, children killing children, children selling other children drugs. These are the realities. Children dropping out of school. These are the realities.

Mr. Chairman, members of the committee, we could address new priorities. We could make America a better place. We could turn over to our children a peaceful world.

In that regard, later this week we will debate should we go forward with the batmobile, euphemistically referred to as the Stealth bomber, at a cost of $70 billion, and I say no. Should we build two mobile missiles that we do not need? I say no. A number of other weapons systems we will challenge on this floor that we do not need and will give us the opportunity to redirect our resources, establish new priorities and reduce the budget deficit.

I look forward to a rational debate, and I wish very much, Mr. Chairman, that we would have come to the floor with the kind of time that would allow us to speak so that this gentleman would not be reduced to begging for 1 minute to talk about a $300 billion military budget and the future of this Nation and the future of the world.

Mr. Chairman, title II of H.R. 2461, National Defense Authorization Act for fiscal year 1990 provides authorization of $39.6 billion for defense research, development, test and evaluation. Although this is the same level as requested by the Bush administration, some significant shifting in priorities has taken place.

The most significant change made by the committee in title II (Research, Development, Test and Evaluation) is centered on technology base programs. A number of experts advised the committee, during our hearings, that the component of the RDT&E budget with greatest opportunity to help maintain a strong defense industrial technology base is the research, what we call 6.1, and the exploratory development, known as 6.2, categories. The committee is painfully aware that beginning in the late 1960's, an unchecked erosion of the defense technology base has occurred, with the Department of Defense spending a little

more than half the funds it spent in 1965 on technology base programs. The committee has started a major initiative intended to both correct trends and redirect certain efforts in the defense technology base program that will insure a vigorous, modern and advancing pool of technology will be available to provide the needs of the Nation's defense in the future.

The initiative would also provide a real growth rate of 2 percent each year over the next 5 years, for technology base programs. The committee has recommended specific programs in fiscal year 1990 intended to foster and encourage linkages among the Department of Defense, industry, and universities, and to bolster the defense industrial base by providing greater opportunity for "spin off" technology into the civilian sector for commercialization. These specific programs include additional authorization for high temperature superconductivity, high definition television, digital gallium arsenide microelectronics, neural networks, x-ray lithography, university research, defense sciences and exploratory development.

The committee is also recommending additional authorization of $95 million and $90 million, respectively, for advanced submarine technology and anti-submarine warfare technology.

This title also contains $285 million to continue research for the national aerospace plane.

Another major concern of the committee was what we have called satellite survivability, an area which some people call Asat or anti-satellite capability. The committee is recommending that the administration perform an extensive analysis of options for countering Soviet Asat and military satellite capabilities. At a minimum, the committee wants this analysis to address treaty options, verification requirements, satellite survivability enhancements, rapid replenishment of space assets, Asat options, and perform net assessments of various combinations of these options. The committee also believes that there should be a better balance between the Asat activities and the satellite survivability activities and is therefore recommending an additional authorization of $35 million for satellite survivability programs, $35 million for rapid replenishment programs, and $2 million for additional verification capability. The committee has also directed that the Secretary of Defense not carry out any tests of the MIRACL [the mid infrared advanced chemical laser] against an object in space unless specifically approved by Congress.

The committee has made a substantial reduction in the strategic defense initiative program reducing the request of $4.6 billion down to $3.5 billion, to bring the program more in line with the previous 2-year funding level.

Finally, the committee agreed to continue the V-22 R&D Program by utilizing offsetting funds from the B-2 advanced technology bomber program.

Mr. DICKINSON. Mr. Chairman, I yield 4 minutes to the very distinguished gentleman from Florida [Mr. IRELAND].

Mr. IRELAND. I am not at all happy about the shape and makeup of the fiscal year 1990-91 defense authorization bill as it is being presented on the floor today.

The problem in my mind boils down to one very simple fact: there isn't enough money downstream to fund the programs in the bill. The Pentagon has had a habit over the years of undertaking more programs than can be covered by its budget. Very simply—the programs don't fit in the long-term budget, and the committee, in all its wisdom, has made matters worse.

Mr. Charles Bowsher, Comptroller General, testified recently that an additional $150 billion will be needed over the next 5 years to fund the programs in the defense budget. This assessment is based on the GAO's first time ever evaluation of the 5-year defense program. Our committee compounded the money shortfall by adding billions and billions of dollars for programs like the V-22 and F-14D and National Guard and Reserve initiatives that were not requested. Although Congress has no capability to determine with precision what the additional 5-year costs of those acts will be, you can be sure that DOD will need an extra $200 billion or more through fiscal year 1994 to fund the bill approved by the committee.

We all know in reality it won't work that way. The extra money needed to pay the bill just isn't there. DOD will have to make massive cuts in the outyears. We must face up to the realities of the DOD funding shortfall now, to avoid the high cost and terrible waste of stretchouts and terminations down the road.

Secretary Cheney has made some very tough decisions and canceled programs based not on their individual merits but on their costs. The cancellation of the V-22, for instance, after the expenditure of more than $2 billion is outright waste that could have been avoided if previous administrations had done better long-range planning. The V-22 is a prime example of what happens when Pentagon planners ignore fiscal realities. The time has come to end this kind of agonizing waste and to use the 5-year defense program as a credible planning tool.

To avoid past fiscal pitfalls, I will vote for the amendment to restore the Cheney procurement account as originally proposed and to knock out all the add ons made by the committee such as the V-22 and F-14D and the National Guard and Reserve initiatives.

Simple math will tell you that there isn't enough money in the defense budget to buy the V-22, F-14D, Midgetman small ICBM, B-2 bomber, MX Rail Garrison, SDI, LHX helicopter to name a few of the big ticket items in the pipeline. We must pick and choose. We don't need two mobile, land-based ICBM programs, and the MX Rail Garrison is the way to go. Another $50 billion, and possibly more, will be needed to finish the B-2 bomber whose mission is not clear. This is a logical place to halt the program. The Air Force should be allowed to flight test a small number of B-2 prototypes to explore stealth technology while keeping future options open.

In keeping with this spirit and philosophy, I have focused my energies this year on two rather specific issues: First, a search for ways to improve long-range financial planning at the Pentagon; and second, the elimination of military and civilian personnel assigned to the missile units slated for deactivation under the INF Treaty.

My initiatives are largely embodied in the bill before you, and I will describe them in some detail in my revised remarks. I hope my colleagues will take heed and resist the temptation to authorize commitments to programs whose future costs we cannot possibly afford.

FIVE-YEAR DEFENSE PLANNING

AMENDMENTS

At the Investigations Subcommittee markup session on June 22, I offered first, an amendment to maintain consistency between the Department of Defense [DOD] 5-year defense program [FYDP] and the President's budget; and second, report language recommending that the committee begin to examine ways to link its decisions to a 5-year funding plan. My proposals were adopted by the subcommittee and subsequently approved by the full committee.

OBJECTIVE

Since the beginning of the year, I have been hammering away at the FYDP. I want to put an end to the continuing mismatch between the DOD 5-year plan and the President's budget and overall fiscal policy. I want to see the FYDP returned to its original stature as the Department's premier planning and programming document. The DOD FYDP is supposed to reflect all the decisions taken by the Secretary of Defense to bring all programs into line with the President's fiscal guidance, but the process is no longer functioning. The hard choices are not being made in a timely way.

PROBLEM

Long-range financial planning at the Pentagon is in total disarray.

In testimony before the Senate Armed Services Committee on May 10, 1989, Mr. Charles Bowsher of the General Accounting Office [GAO] presented the results of the GAO's first evaluation of the FYDP. It was a bleak picture indeed. The FYDP has ceased to be a useful planning tool.

He stated that DOD's 5-year planning "has been fiscally unrealistic" and admitted under questioning that the FYDP was essentially worthless. He said: "tough decisions and tradeoffs are not made in the plan—everybody gets what they want," which leads to "program funding instability, costly stretchouts, and program terminations." In summary, Bowsher said, "this is not an effective way for DOD to manage." He concluded his testi-

mony by reporting that an additional $147 billion would have to be cut from the programs in the FYDP to bring them into line with available funding. I request permission to place the results of the GAO's evaluation of the fiscal year 1990-94 FYDP in the RECORD.

The FYDP has several major deficiencies. First, the programs don't fit in the budget. The dollar cost of the programs in the fiscal year 1990-94 FYDP exceed the money in the President's budget by $45 billion. Second, the FYDP is based on unrealistic economic assumptions. For example, the FYDP assumes an inflation rate of 3.6 percent in 1990 declining to 1.7 percent in 1994 and a 2-percent growth rate in fiscal year 1993-94. Third, there is a continuing mismatch between projected funding levels and congressional appropriations of major proportions, ranging from a low of −4.5 percent to a high of +69.9 percent. Fourth, program costs are consistently underestimated. These shortcomings are a failure of leadership in the Pentagon—tough decisions are postponed, which leads to instability, stretchouts, and wasteful terminations like the V-22 and F-14D.

TWO-PHASED SOLUTION

For the short term, I am recommending some very modest changes—fine tuning—of the legislation governing submission of the FYDP to Congress. For the long-term, I want the committee to begin exploring ways to link its decisions to a 5-year funding plan.

CHANGES TO LAW GOVERNING SUBMISSION OF FYDP: SECTION 1202 OF BILL

AMENDMENT

The committee has agreed to my proposals to first, amend the law governing submission of the FYDP by striking the language allowing inconsistencies between the FYDP and the President's budget; and second, rewrite the original law to simplify and clarify the language. I request permission to place bill and report language in RECORD.

RATIONALE

First, I believe that the dollars programmed in the FYDP should conform with the President's fiscal guidance. In the past, there have been vast discrepancies between the dollars in the FYDP and the President's budget. A law was passed in 1987 to end that practice. At that time, there was an $80 billion mismatch between the FYDP and the budget. Unfortunately, the practice continues. The fiscal years 1990-94 FYDP is no exception—a $45 billion gap persists. A tricky accounting device, known as a negative funding wedge, was inserted into the FYDP to make the dollar totals in the FYDP and budget match as required by law. The fiscal years 1990-94 FYDP complies with the law since an explanation—albeit convoluted—was provided.

The FYDP has no value as a planning tool if the dollars programmed exceed the money in the budget. A failure to squeeze the programs into the budget means the hard choices have been postponed.

My amendment would close the loophole in existing legislation that allows discrepanices between the FYDP and budget by stipulating that FYDP's be consistent with the President's budget. Very simply, it says the FYDP must conform with the President's fiscal guidance. That's it. This amendment exemplifies macromanagement not micromanagement—and the kind of approach Congress should take on defense issues in the future.

The use of the word "consistent" is general enough to permit some minor differences—and some flexibility—when and where appropriate. I asked Deputy Secretary of Defense Atwood during a hearing before the Armed Services Committee on July 12, to comment on the requirement for consistency between FYDP and the budget under the new legislation. He said, "I agree they ought to be consistent. That is a point well taken."

Others in DOD have suggested that my amendment would preclude the use of management contingency accounts in the budget. That simply is not the case.

DOD would still determine the form and substance of the FYDP. If DOD needs additional flexibility—a cushion or positive wedge—as a hedge against unanticipated requirements such as cost growth or higher than expected inflation, then such accounts should be included in both the FYDP and the budget. Positive contingencies have been in use for years and are considered useful and legitimate planning tools. The use of negative wedges in the FYDP, by comparison, is without precedent, and they are, in fact, outlawed in defense contracting, because they were once used by defense contractors to hide the cost overruns. The result of that practice, according to the DOD Deputy Inspector General, "was a breakdown in management control, discipline, and reliable reporting." Clearly, the use in DOD's central planning document would undermine its integrity. I request permission to put Mr. Vander Schaaf's report in the RECORD.

NEED FOR CONGRESSIONAL 5-YEAR FUNDING PLAN: REPORT LANGUAGE

Each year Congress makes major decisions on defense, issues that entail spending commitments far into the future, yet Congress lacks the capability to determine what effects those decisions have on outyear funding levels. Congress needs to better understand the future consequences of its near-term budget decisions.

The Joint Committee on Taxation, for example, has an impressive capability, using computer models along with extensive access to executive branch data, to determine how changes in the tax structure effect revenues over 5 years. Though by no means an exact science, that capability provides a useful tool for evaluation proposed changes, and in the long-term should provide a more systematic way of making decisions. Expense estimates should be on an equal footing with revenue estimates. The defense committees need to acquire an information system that projects the outyear consequences of their near-term program and budget decisions.

My language on page 323 of the committee report recommends that the committee begin to explore ways to link its decisions to projected 5-year funding levels in line with the recommendations of the Packard Commission. Congress might legislate a 5-year defense plan. While fixed in law, such a plan would not be binding. It would represent no more than a declaration of policy that would commit Congress to a set of fiscal objectives.

As a first step, CBO is directed to conduct an experiment by attempting to project the outyear fiscal impact of changes to the fiscal year 1990-91 budget request as reflected in the conference report on the fiscal year 1990 defense appropriations bill and to provide the committee with the results of the analysis within a reasonable period of time.

I am also planning to convene a panel of experts, under the auspices of the Congressional Research Service, to examine all the issues—technical, legal, organizational—surrounding the question of how to link congressional defense decisions to a 5-year budget plan. And as we search for ways to establish linkage between congressional decisions and long-range fiscal policy, we have to also find a way to link strategic and policy decisions in the JCS with the FYDP as envisioned in the Goldwater-Nichols Act.

INF PERSONNEL

AMENDMENTS

The bill, as presented on the floor today, incorporates the bulk of my amendments relating to military and civilian personnel covered by the treaty between the United States and the Soviet Union on the elimination of intermediate-range and shorter range missiles, commonly referred to as the INF Treaty. These amendments are discussed on pages 261 and 262 of the committee report and are included in sections 401-402 of the bill. I request permission to place in RECORD.

The amendment has two main parts: First, lower troop ceiling in Europe; and second cuts end-strengths of the military services. The proposed cutbacks would be gradually phased in over 2 years to coincide with the schedule for unit deactivations.

RATIONALE

The military and civilian positions that would be eliminated under my proposal would be taken from first the Air Force ground-launched cruise [GLCM] and Army Pershing missile units slated for elimination under the INF Treaty and second the excess headquarters slots selected for elimination by the Secretary of Defense, Chairman of the JCS, and Inspector General.

Initially, there was considerable disagreement over the exact number of personnel involved in these realignments, but the matter has now been resolved and carefully documented in several GAO reports. I request permission to place reports in the RECORD.

Most of the INF and excess headquarters personnel, under DOD plans, would be reassigned in Europe or elsewhere, negating potential savings and efficiencies. Vacant positions in Europe could be a bottomless pit. If DOD has urgent requirements there, then it should ask Congress to raise the ceiling.

Between 1983 and 1985, Congress raised the troop ceiling in Europe by 10,814 personnel, in part, to make room for INF deployments, and 2,600 INF personnel are exempted from the ceiling. The ceiling was raised mainly because of GLCM, since the Pershing II's were swapped out one-for-one with Pershing I's. With the INF Treaty now in effect, the ceiling should be lowered and the waiver removed. The INF Treaty eliminates an entire mission. Personnel performing that mission, including excess headquarters personnel, can

now be taken out without affecting our military capabilities one iota. With the recommended end-strength reductions, the CBO estimates that $2.3 billion could be saved through fiscal year 1994.

SUBCOMMITTEE—LOWER TROOP CEILING

The Military Personnel Subcommittee adopted part of the amendment as follows:

Lower ceiling in Europe for military personnel from 326,414 to 311,627—a reduction of 14,787, including 14,559 INF personnel and 228 excess headquarters personnel; some excess headquarters personnel linked to INF; 1,305 excess headquarters personnel cut from service end-strengths in fiscal year 1990; and 939 excess civilian headquarters positions reallocated to medical support activities.

FULL COMMITTEE—CUT END-STRENGTH

In the full committee, I introduced a perfecting amendment to cut Air Force end-strength and eliminate INF civilian employees from the DOD work force.

The full committee agreed to an additional end-strength reduction of 4,385 for the Air Force. Planned Air Force end-strength reductions of 4,200 through fiscal year 1991 did not fully offset the 8,585 Air Force personnel assigned to INF—8,585 minus 4,200 equals 4,385. Further reductions were clearly in order. By contrast, no Army end-strength reductions were necessary. Planned Army end-strength reductions of 7,700 through fiscal year 1991 exceeded the number of Army personnel—6,974—assigned to INF.

Following full committee action on the bill, there remained one unresolved portion of my INF initiative.

FLOOR AMENDMENT—INF CIVILIANS

The full committee decided to defer action on the 1,142 civilian employees assigned to INF units, pending further investigation. I then asked the GAO and DOD to provide me with the latest available information on the disposition of these employees. On June 17, I received a brief report prepared by the GAO, indicating that most of these employees are scheduled to be eliminated from the work force by the end of fiscal year 1991. request permission to place report in RECORD. That being the case, I decided to modify and refocus the final piece of the initiative.

Consistent with my amendments relating to military personnel assigned to INF units, the modified amendment, which I will offer on the floor, would reduce the number of DOD civilians in Europe by 1,017—the number assigned to INF units there. The recommended reduction would take effect by the end of fiscal year 1991.

The approach taken in the case of the civilians is identical to the approach taken in the case of military personnel: first, reduce the number of personnel in Europe; and second, cut the end-strength or work force. Another approach would be to establish a ceiling on civilian personnel in Europe, but I know the committee is adamantly opposed to such a policy, so I selected a more acceptable approach.

A United States-Soviet treaty has been signed, ratified, and taken effect. That treaty eliminates the need for those civilians. The military need for these people simply disappears, therefore the total number of DOD civilians assigned to duty in Europe should be decreased accordingly.

The latest DOD information suggests, however, that the trend is in the opposite direction—civilian strength in Europe is creeping upward. Between September 30, 1988, shortly after the INF Treaty took effect, and March 31, 1989, the number of civilians in Europe increased from 105,284 to 106,630—an increase of 1,346. This is the continuation of a trend that began in the early 1980's when there were about 95,000 civilians in Europe. And there is room for expansion. A large number of authorized and funded civilians positions in Europe lie vacant. The Air Force, for example, which has 96 percent of the INF civilians in Europe—974 of 1,017, has close to 900 vacant slots in Europe.

Further increases in the number of DOD civilians in Europe must be stopped. This trend must be reversed, or else the Appropriations Committee will put a much tighter lid on the number of civilians overseas and in Europe, and I will help them do it. My approach is a more reasonable one.

The need for 1,017 civilians positions in Europe no longer exists. I hope you will support my amendment when it is brought to a vote.

GENERAL ACCOUNTING OFFICE, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION,
Washington, DC, June 8, 1989.

B-229195.1.

Hon. ANDY IRELAND,
House of Representatives, Washington, DC.

DEAR MR. IRELAND: This letter is in response to your May 17, 1989, request for our assistance in drafting legislative amendments to address inconsistencies between the Department of Defense's (DOD) Five-Year Defense Program (FYDP) and the President's budget.

Section 114(f) of title 10, United States Code, specifies that program and budget information submitted to the Congress by DOD be mutually consistent with the President's budget submission unless, in the case of each inconsistency, there is included detailed reasons for the inconsistency.

As you know, DOD used negative accounting entries in its fiscal year 1990-94 FYDP to bring it in line with the President's budget. The procurement line in the FYDP for these years contains $21.7 billion more than is included in the topline figures of the President's budget. The FYDP also includes a line entitled "unanticipated requirements" totaling $23.3 billion, which is not reflected in the President's budget. Together, these additions total $45 billion. To bring the FYDP in line with the President's budget, negative entries called "program estimates" were used to offset the $45 billion.

An explanation of the negative entries was provided in the FYDP. DOD explained that $21.7 billion in procurement over-programming represents approximately 2 to 3 percent of the programs currently planned that historically do not materialize, and can be scrubbed out as out-year plans become more defined budget year proposals. DOD explained that the $23.3 billion for unanticipated requirements contains no programmatic content at this time, but is intended to account for requirements likely to emerge but are not yet known.

Section 114(g), of title 10, United States Code, specifies that the "Secretary of defense shall submit to the Congress, not later than April 1, of each year, the FYDP used by the Secretary in formulating the estimated expenditures and proposed appropriations included in such budget to support programs, projects, and activities of the Department of Defense."

The April 1 date was specified in the law for the purpose of providing DOD with an opportunity either to fully conform the FYDP with the President's budget submission or to explain any remaining differences. The current program planning and budgeting system (PPBS) results in a FYDP that is consistent with the President's budget at or about the time of the budget submission. Some additional time (up to 2 weeks) is routinely required to have the FYDP documents printed for distribution to authorized recipients.

Since 1963 the FYDPs supporting DOD budget proposals have been distributed in January or early February each year. The only exceptions were January 1987 and January 1988 when DOD did not publish FYDPs in support of its first biennial budget (fiscal years 1988-89).

DOD officials told us that delaying submission of the FYDP until April is not necessary. They stated that inconsistencies would only occur under unusual or extraordinary circumstances such as a major change in fiscal guidance at the last minute. In such an event, and on an individual case basis, it is expected that DOD and the Congress would agree on a sufficient amount of time necessary to produce a corrected FYDP.

In conclusion, the Congress intended for DOD to provide a FYDP that is mutually consistent with the President's budget. In the event that a FYDP could not be completely updated to match the President's budget before submission to the Congress, the law required that any inconsistencies be explained. We do not believe Congress intended for DOD to intentionally include programming and other entries that exceed the President's budget. We believe the FYDP is inherently flexible, and if funding provisions are needed for unanticipated requirements, they should be reflected in both the FYDP and the President's budget.

To address your concern that future FYDPs be consistent with the President's budget and be submitted in a timely manner, Congress may wish to consider the following legislative changes:

"Section 114(f) of title 10, United States Code, be amended by stiking out 'unless in the case of each inconsistency, there is included detailed reasons for the inconsistency'."

"Section 114(g) of title 10, United States Code, be amended by striking out 'not later than April 1 of each year, the five-year defense program' and replacing this language with 'at or about the time of the President's budget submission each year, a fully current five-year defense program'."

The Congress may also want to consider legislation that will ensure that a current FYDP is produced each time the President submits a new proposed defense budget. Under biennial defense budgets, there is the potential that the FYDP would not be kept current in the intervening year. This could result in the FYDP becoming detached from changes in fiscal guidance as we experienced last year. This makes it difficult for the Congress to exercise effective oversight.

DOD officials told us that they are conducting a program execution review that is scheduled to be completed on September 15, 1989. This review is in preparation for the fall comprehensive budget review. The ob-

jectives of the review are (1) elimination of negative planning wedges in the FYDP, (2) close consideration of the affordability of currently proposed major weapons programs, and (3) an examination of the impact growing amounts of prior obligations have on future outlay requirements.

Our review of defense planning will continue. We plan to identify models or other analytical procedures that can be used to better reflect the out-year implications of current budget decisions. We will continue to work with your staff and keep them informed as our work progresses.

Sincerely yours,

FRANK C. CONAHAN,
Assistant Comptroller General.

GENERAL ACCOUNTING OFFICE, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION,
Washington, DC, May 8, 1989.

Hon. ANDY IRELAND,
House of Representatives, Washington, DC.

DEAR MR. IRELAND: This letter is in response to your May 3, 1989, request concerning the use of negative program planning entries in DOD's Five Year Defense Program (FYDP) and an undistributed contingencies account.

The procurement line in the FYDP contains $21.7 billion more than is included in the topline figures of the President's budget. Also, there is a new line entitled "unanticipated requirements" that totals $23.3 billion for which there is not defined programmatic content at this time. Together, these positive additions total $45 billion. Under current fiscal guidance, the entire $45 billion would have to be eliminated to come in line with the President's topline estimates. In the meantime, the $21.7 billion in procurement and the $23.3 billion in allowances for unanticipated requirements is being offset by a single negative entry called "program estimates". The single negative entry offsets the two positive additions in each of the three outyears so that the FYDP toplines will be consistent with the President's budget submission. No other positive or negative planning wedges are evident in the FYDP.

You also asked about the undistribued contingencies account. In the past this account retained sums to cover potential future pay raises, amounts for future undefined initiatives, and amounts to cover legislative proposals. Currently, this account contains only a small amount to cover future legislative proposals. Estimates to account for future pay raises are now contained in the Military Personnel and Operations and Maintenace accounts. The undistributed contingencies account in the last FYDP (FY 1988-92) contained $19.6 billion to cover future, but not yet defined, initiatives. This amount was eliminated as part of the $311 billion in FYDP reductions DOD made between fiscal years 1988 and 1994.

As we stated in our April 21, 1989, letter to you we are concerned that programming in excess of the established fiscal guidance delays and compounds difficult decisions necessary to bring the FYDP within current fiscal realities. When program planning becomes detached from reality it provides an inaccurate view of the future and can hinder rather than assist current decision-making.

We are continuing our review of DOD's fiscal year 1990-94 FYDP and will keep your staff advised on the progress of this work.

Sincerely yours,

PAUL F. MATH,
Director of Research, Development, Acquisition, and Procurement Issues.

GENERAL ACCOUNTING OFFICE, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION,
Washington, DC, April 21, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, Washington, DC.

DEAR MR. CHAIRMAN: As you know, we have been reviewing DOD's fiscal year 1990-94 Five Year Defense Program (FYDP). On February 3, 1989, we received a request from Congressman Andy Ireland concerning inconsistencies between the Department of Defense's (DOD) FYDP and the President's budget. He specifically asked that we comment on the use of negative "program estimates" in DOD's fiscal year 1990-94 FYDP. In response to Congressman Ireland's request we provided the following information.

DOD used negative accounting entries totaling $45 billion to offset over programming in two accounts—procurement and unanticipated requirements. DOD states that the $45 billion for fiscal years 1992-94 represents reductions it intends to make in future years to bring the FYDP in line with former President Reagan's fiscal year 1990 budget submission.

Section 114, of title 10, United States Code, specifies that all program and budget information submitted to the Congress by DOD be mutually consistent with the President's budget submission unless the reasons for the inconsistencies are explained in detail.

DOD, in its January 11, 1989, letter transmitting the FYDP to the Congress, acknowledges that the fiscal year 1992-94 defense program was developed at a higher level than the budget submitted. DOD explains that ultimately the over programming will be eliminated through an overall net reduction between new requirements that will emerge over the next two years and requirements now anticipated that will not materialize. DOD believes this is a reasonable planning posture given the difficulty in determining which programs to reduce in later years.

While we understand DOD's desire for additional flexibility, we are concerned that negative program planning delays and compounds hard decisions necessary to bring the FYDP within current fiscal realities. For example, President Bush recently reduced the fiscal year 1990-94 defense program by $60 billion. To meet this new fiscal guidance DOD will now have to reduce its total program $105 billion ($45 billion in delayed reductions and $60 billion in new reductions). It is our understanding that DOD will make the $60 billion in reductions but plans to maintain approximately $45 billion in defense programming in excess of new budget guidance established for fiscal years 1992-94.

We are continuing our review of DOD's fiscal year 1990-94 FYDP and will keep your staff advised on the progress of this work.

Sincerely yours,

PAUL F. MATH,
Director of Research, Development, Acquisition, and Procurement Issues.

BRIEFING PAPER: LEVELS OF DEFENSE PROGRAMMING—FISCAL YEARS 1986-1994

[Figures not reproducible in the RECORD]

During the Reagan Administration, more defense growth was planned than could be funded. Defense programming was growing at such a rate that the FY 1986-90 five year defense program (FYDP) totaled nearly $2 trillion. The initial planning figure for FY 1990 alone was $478 billion. Since this program was submitted to Congress in January 1985, DOD has made a considerable effort to reduce its future programming and bring its budget proposals more in line with national resources. As a result, a net $371 billion in planned future growth has been deleted since FY 1986. This briefing paper provides a perspective on reductions to the defense program and additional reductions that may be required to meet funding constraints. The analysis is presented in 3 parts.

Part I shows changes in the amounts of defense planning for each five year defense program (FYDP) since FY 1986. Part I also provides an analysis of these changes by major appropriation account.

Part II discusses nearly $150 billion in additional reductions that may be required to bring the FYDP within current fiscal constraints.

Part III provides a breakdown of President Bush's revisions to President Reagan's FY 1990-94 defense program estimates.

PART I

Figure 1, and tables 1 and 2, show DOD's plans/reality mismatch. The mismatch resulted primarily from DOD's assumptions that funding increases it experienced during the early 1980s would continue into the early 1990s. For example, the five year spending plan for 1986-1990 totaled $1.9 trillion. This was several hundred billion more than was ultimately funded. Between 1981 and 1985 more weapons were being planned and developed than could be produced in an economic manner or supported once they were produced.

Figure 1, and tables 1 and 2, also show that DOD substantially reduced its five year spending plans subsequent to 1986 and that progress was made in closing the gap between planned and actual spending. Figure 1 also indicates, that DOD assumes its funding proposals for FY 1990-94 will be sufficient to execute that program. In Part II, figure 2, we reconstruct this graph using less optimistic planning assumptions. Under these assumptions an additional $147 billion in reductions may still be required to meet future funding constraints.

TABLE 1.—REDUCTIONS IN DEFENSE PROGRAMMING—FISCAL YEAR 1986 THROUGH FISCAL YEAR 1994

[Budget authority in billions of current year dollars]

Fiscal year	1986	1987	1988	1989	1990	1991	1992	1993	1994	5-year total	Difference
1986	313.7	354.0	401.6	438.8	477.7					1985.8	—
1987		311.6	332.4	353.5	374.7	395.5				1767.7	−218.1
1988			303.3	323.3	343.9	364.9	386.5			1721.9	−45.8
1989				290.8	307.3	324.3	342.0	360.3		1624.7	−97.2
1990 (R) [1]					305.6	320.9	335.7	350.7	365.6	1678.5	53.8
1990 (B) [1 2]					295.6	311.0	322.0	335.9	349.8	1614.3	−64.2
Total											−371.5

[1] Does not include $45 billion (then year dollars) planning wedge.
[2] From testimony of the Secretary of Defense to the House Armed Services Committee, Apr. 25, 1989.
(R) Reagan budget submission. (B) Bush budget submission.
Source: Annual Reports to the Congress, Secretary of Defense, 1986–90.

TABLE 2.—REDUCTIONS IN DEFENSE PROGRAMMING—FISCAL YEAR 1986 THROUGH FISCAL YEAR 1994

[Budget authority in billions of constant 1986 dollars]

Fiscal year	1986	1987	1988	1989	1990	1991	1992	1993	1994	5-year total	Difference
1986	313.7	343.4	376.2	396.9	419.5					1849.8	
1987		302.3	311.6	319.8	329.0	337.5				1600.2	−249.6
1988			284.4	292.5	302.0	311.4	321.7			1512.0	−88.2
1989				263.1	269.8	276.8	284.7	293.2		1387.6	−124.4
1990 (R) [1]					268.3	273.9	279.4	285.4	291.4	1398.5	10.9
1990 (B) [1 2]					259.6	265.4	268.0	273.4	278.8	1345.2	−53.3
Total											−504.6

[1] Does not include $45 billion (then year dollars) planning wedge.
[2] From testimony of the Secretary of Defense to the House Armed Services Committee, Apr. 25, 1989.
(R) Reagan budget submission. (B) Bush budget submission.
Source: Annual Reports to the Congress, Secretary of Defense, 1986–90.

Tables 3 and 4 show reductions in DOD's planned spending by major appropriation account since fiscal year 1986. Table 3 shows the 1990–1994 five year plan is $371 billion less than the 1986–90 plan in current dollars. Procurement reductions accounted for $231 billion or 33 percent of total reductions. These reductions were primarily in support equipment and facilities, spare and repair parts, ammunition, and other procurements. Some major weapon systems were terminated while a number of major weapon systems procurements were reduced, delayed, or stretched out. Additionally, the research and development account was reduced by $50 billion representing 20 percent of the overall cuts with significant reductions in Strategic Defense Initiative programs. DOD also reduced the operations and maintenance account by $45 billion or 9 percent. Table 4 represents these figures to constant 1986 dollars.

TABLE 3.—CHANGES IN DEFENSE PROGRAMMING BY MAJOR APPROPRIATION ACCOUNT—FISCAL YEAR 1986 FISCAL YEAR DEFENSE PROGRAMMING COMPARED TO FISCAL YEAR 1990 FISCAL YEAR DEFENSE PROGRAMMING

[Budget authority in billions of current year dollars]

Appropriation account	Fiscal year 1986–90 5-year figures	Percent of the budget	Fiscal year 1990–94 5-year figures	Percent of the budget	Difference	Percent change	Percent of total reduction
Military personnel	385.3	19.4	418.2	25.9	32.9	8.5	8.9
O&M	529.0	26.6	484.2	30.0	−44.8	−8.5	−12.1
Procurement	692.4	34.9	461.7	28.6	−230.7	−33.3	−62.1
RDTE	253.0	12.7	202.6	12.6	−50.3	−19.9	−13.6
Military construction	52.8	2.7	29.6	1.8	−23.3	−44.0	−6.3
Family housing	21.8	1.1	19.2	1.2	−2.6	−11.7	−.7
Other	51.5	2.6	1.2	.1	−50.3	−97.6	−13.5
Total	1,985.8	100.0	1,614.3	100.0	−371.5	−18.7	−100.0

TABLE 4.—CHANGES IN DEFENSE PROGRAMMING BY MAJOR APPROPRIATION ACCOUNT FISCAL YEAR 1986 FISCAL YEAR DEFENSE PROGRAMMING COMPARED TO FISCAL YEAR 1990 FISCAL YEAR DEFENSE PROGRAMMING

[Budget authority in billions of constant 1986 dollars]

Appropriation account	Fiscal year 1986–90 5-year figures	Percent of the budget	Fiscal year 1990–94 5-year figures	Percent of the budget	Difference	Percent change	Percent of total reduction
Military personnel	364.2	19.7	353.8	26.3	−10.4	−2.9	−2.1
O&M	490.2	26.5	396.0	29.4	−94.2	−19.2	−18.8
Procurement	644.2	34.8	388.3	28.8	−255.9	−39.7	−51.1
RDT&E	234.6	12.7	168.2	12.5	−66.4	−28.3	−13.3
Military Construction	48.7	2.6	24.6	1.8	−24.1	−49.5	−4.8
Family housing	20.4	1.1	16.1	1.2	−4.3	−21.1	−.9
Other	46.8	2.5	1.0	.1	−45.8	−97.9	−9.1
Total	1849.1	100.0	1348.0	100.0	−501.1	−27.1	−100.0

PART II

Figure 2 indicates that a plan/reality mismatch of nearly $150 billion may still exist over the next four years. This gap is based on what we believe are 4 primary weaknesses in DOD's FYDP projections presented in part I. These factors are as follows. (1) $12.2 billion reduction required to correct overstatement in real growth estimates; (2) $42.3 billion reduction required if Congress grants full inflation funding but no real growth; (3) $45 billion reduction required to bring FYDP down to current topline guidance; and (4) $47.8 billion in program reductions to offset losses in purchasing power resulting from underestimates of inflation.

Adjustment to FY 1990 Growth Base: Currently, the out-years of the FYDP reflect 1 percent real growth for fiscal years 1992 and 1993 and 2 percent real growth for fiscal years 1993 and 1994. Using these growth projections DOD estimates the total FYDP is $1,614 billion over the 5-years. These growth figures, however, are calculated based on President Bush's initial FY 1990 submission of $299 billion and not the currently proposed FY 1990 budget of $295 billion. This requires an initial downward correction in DOD's estimated funding levels of $12.2 billion to $1,602 billion. The annual amount of program reductions that would be necessary to make the correction is presented in table 5.

TABLE 5.—ADJUSTMENT TO NEW BUDGET BASE OF $295 BILLION

[In billions of dollars]

	1990	1991	1992	1993	1994	Total 1990–94
1991–94 real growth (DOD)	[1]295.6	311.0	322.0	335.9	349.8	1,614.3
1991–94 real growth (GAO)	295.6	308.1	319.6	333.2	345.6	1,602.1
Subtotal	0.0	2.9	2.4	2.7	4.2	12.2

[1] The current fiscal year 1990 defense budget proposal is $295.6 billion as indicated in table I. DOD has calculated it's proposed real growth in the outyears 1991–94 on President Bush's initial submission of $299 billion for fiscal year 1990.

Zero Real Growth: Assuming Congress grants DOD full inflation funding, but no real growth, for fiscal years 1991–94 additional reductions of $42.3 billion will be required (see table 6).

TABLE 6.—ZERO REAL GROWTH FISCAL YEAR 1991–94

[In billions of dollars]

	1990	1991	1992	1993	1994	Total 1990–94
Bush Amend, Adm Inf, 1,1,2,2	295.6	308.1	319.6	333.2	345.6	1,602.1
Bush Amend, Adm Inf, 0 Real	295.6	305.1	313.3	320.2	325.6	1,559.8
Subtotal	0.0	3.1	6.3	13.0	20.0	42.3

Negative Planning Wedges: Currently, DOD's FYDP accounts total $1,659 billion. To bring the overall FYDP down to the President's topline guidance of $1,614, DOD used negative adjusting entries for fiscal years 1992, 93, and 94 totaling $45 billion (see table 7). According to DOD, the $45 billion adjustment to program estimates represents reduction decisions planned but not yet made.

TABLE 7.—REDUCTIONS PLANNED BUT NOT YET MADE ($45 BILLION)

[In billions of dollars]

	1990	1991	1992	1993	1994	Total 1990–94
FYDP accts	295.6	311.0	336.0	350.9	365.8	1,659.3
Submitted Bush toplines	296.5	311.0	322.0	335.9	349.8	1,614.3
Subtotal	0.0	0.0	14.0	15.0	16.0	45.0

Inflation Assumptions: The Administration's inflation assumptions are very optimistic. Current estimates assume inflation will be 3.6 percent in FY 1990 and fall to 1.7 percent by 1994. CBO inflation estimates assume inflation will be somethat higher than 4 percent over the entire five year period. Under CBO's inflation assumptions DOD will experience $47.8 billion in lost purchasing power over the 4 year period 1991–94. In other words, nearly $50 billion in current defense programing would not be funded under the Administration's proposal (see table 8).

TABLE 8.—CBO VERSUS ADMINISTRATION INFLATION ASSUMPTIONS

[In billions of dollars]

	1990	1991	1992	1993	1994	Total 1990–94
Bush Amend, CBO Inf, 1,1,2,2	295.6	311.0	327.1	347.3	368.8	1,649.9
Bush Amend, Adm, Inf, 1,1,2,2	295.6	308.1	319.6	333.2	345.6	1,602.1
Subtotal	0.0	3.0	7.5	14.2	23.2	47.8
Grand Total Tables 5–8	0.0	9.0	30.2	44.9	63.4	147.5

Note.—Figures in table 8 may not add exactly due to rounding.

Making these additional reductions will require difficult decisions and tradeoffs among broad areas where gains have been made such as (1) maintaining or reducing force structure in terms of people and equipment, (2) maintaining or reducing the pace of modernization in terms of cancelling new systems or stretching out procurement of others, reducing current levels of readiness and sustainability.

Adding to the difficulty of these decisions are the constraints imposed by the Gramm-Rudman-Hollings deficit reduction act. Meeting annual budget outlay targets has historically resulted in reductions in areas that have the greatest impact on outlays for that budget year. Weapon systems outlays are relatively low during the initial stages of development but increases drastically once they reach production. However by this time a substantial commitment has been incurred. Therefore, if some costly programs are not terminated, or force structure reduced, more weapon systems programs will be stretched out and funds needed to maintain military readiness and sustainability will bear a disproportionate share of reductions.

PART III

Table 9 presents a display of revisions made to President Reagan's FY 1990 five year defense budget proposal. The total reductions of $64 billion are broken-down by appropriation account.

TABLE 9.—REVISIONS TO PRESIDENT REAGAN'S FISCAL YEAR 1990–94 DEFENSE PROGRAM

[In billions of dollars]

Appropriation account	Original fiscal year 1990 plan	Revised fiscal year 1990 plan	Difference	Percent
Military personnel	421.874	418.207	−3.667	5.7
O & M	492.575	484.184	−8.391	13.1
Procurement	496.420	461.704	−34.716	54.0
R D T & E	211.368	202.647	−8.721	13.6
Military construction	32.484	29.552	−2.932	4.6
Family Housing	19.585	19.246	−0.339	.5
Other	4.303	1.240	−3.063	4.8
Total	1678.653	1614.300	−64.309	100.0

SECTION 1202—RESTATEMENT AND CLARIFICATION OF REQUIREMENT FOR CONSISTENCY IN THE BUDGET PRESENTATIONS OF THE DEPARTMENT OF DEFENSE

Section 1202 would amend the existing provision of law (10 U.S.C. 114 (f) and (g)) that requires the submission of the five year defense program to Congress by April 1 each year. The provision also calls for consistency between the budget projections in the President's budget and the five year defense program, but permits inconsistency if such inconsistency is explained. The amendment provision would adjust the date of submission to be at or about the time that the President's budget is submitted to Congress. The amended provision would also omit that language which, under current law, permits inconsistency between the President's budget and the five year defense program.

FIVE YEAR PLANNING

Each year, the committee makes major decisions on the Department of Defense (DoD) budget and programs that entail spending commitments far into the future. Presently the committee lacks the capability to estimate the effect of its decisions on outyear funding levels. The committee believes that it needs a basis to project the future consequences of its budget decisions.

In its final report the Packard Commission recommended that Congress develop a way to link its defense decisions to the DoD five year defense program. Consistent with that recommendation, the committee is exploring ways to link its decisions to a five year spending plan.

As a modest first step, the committee requests the Congressional Budget Office to project the outyear fiscal impact of congressional changes to the fiscal year 1990 and 1991 budget request, as reflected in the conference report on the fiscal year 1990 Department of Defense Appropriations Act, and submit the projection to the committee within a reasonable time after enactment of the Appropriations Act.

SEC. 1202. RESTATEMENT AND CLARIFICATION OF REQUIREMENTS FOR CONSISTENCY IN THE BUDGET PRESENTATIONS OF THE DEPARTMENT OF DEFENSE.

(a) RESTATEMENT AND CLARIFICATION.—(1) Chapter 2 of title 10, United States Code, is amended by inserting after section 114 the following new section:

"§ 114a. Five Year Defense Program: submission to Congress; consistency in budgeting

"(a) The Secretary of Defense shall submit to Congress each year, at or about the time that the President's budget is submitted to Congress that year under section 1105(a) of title 31, the current five-year defense program (including associated annexes) reflecting the estimated expendi-

tures and proposed appropriations included in the budget submitted to Congress by the President for that year.

"(b)(1) The Secretary of Defense shall ensure that amounts described in subparagraph (A) of paragraph (2) are consistent with amounts described in subparagraph (B) of paragraph (2).

"(2) Amounts referred to in paragraph (1) are the following:

"(A) The amounts specified in program and budget information submitted to Congress by the Secretary in support of expenditure estimates and proposed appropriations in the budget submitted to Congress by the President under section 1105(a) of title 31 for any fiscal year, as shown in the five-year defense program submitted pursuant to subsection (a).

"(B) The total amounts of estimated appropriations necessary to support the programs, projects, and activities of the Department of Defense included pursuant to paragraph (5) of section 1105(a) of title 31 in the budget submitted to Congress under that section for any fiscal year.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 114 the following new item:

"114a. Five-Year Defense Program: submission to Congress; consistency in budgeting.".

(b) CONFORMING AMENDMENT.—Section 114 of title 10, United States Code, is amended by striking out subsections (f) and (g).

DEPARTMENT OF DEFENSE,
Arlington, VA, April 6, 1989.

Hon. ANDY IRELAND,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN: This is in reply to your letter of March 10, 1989, requesting an explanation of the term "negative management reserve."

The management reserve discussion in the Cost/Schedule Control Systems Criteria (C/SCSC) Joint Implementation Guide refers to a reserve that a contractor may set aside from the amount awarded on a contract. Its purpose is to provide a "performance measurement" budget for within scope problems that may occur during contract performance. The performance measurement reserve should not be confused with any reserves that may be established at the Government program office or higher management levels. It is used, for example, in contracts involving technical risk, where a contractor anticipates difficulties within the scope of the contract statement of work, but cannot determine when or where they will occur, or how serious they will be. Management reserve in this context is within the contractor's purview, and is not subject to use by the Government program manager.

The term "negative management reserve" in C/SCSC dates from the early years of C/SCSC implementation. Because C/SCSC requires disciplined contract cost management, overruns are identified earlier in contract performance than was true using previous management techniques. Some contractors, perhaps believing that the incurred overrun could be made up through improved performance in subsequent periods, entered a negative value in the managment reserve block on their cost reports to the Government to offset the identified overrun. The result, however, was a breakdown in management control discipline and reliable reporting. A 1980 revision to the Joint Implementation Guide, used by the Department of Defense to implement uniformly the C/SCSC requirements in Department of Defense Instruction 7000.2, Cost/Schedule Control System Criteria, added the clarifying statement, "There is no such thing as negative management reserve."

We are not aware of any contractors that are reporting negative entries for management reserve. Legal prohibition is unnecessary because the Joint Implementation Guide effectively prohibits their use in contractors' cost and schedule management control systems. In addition, the instructions in the Data Item Description for contractor cost performance reports to the Government Prohibit negative management reserve entries.

If you have any questions, please contact me or Mr. James J. McHale at 694-6257.

Sincerely,

DEREK J. VANDER SCHAAF,
Deputy Inspector General.

[Fact sheet for Hon. Andy Ireland, House of Representatives]

INF TREATY: ARMY AND AIR FORCE PERSONNEL REDUCTIONS

GENERAL ACCOUNTING OFFICE, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION,
Washington, DC, June 8, 1989.

B-230521.

Hon. ANDY IRELAND,
House of Representatives,
Washington, DC.

DEAR MR. IRELAND: On January 24, 1989, you requested that we obtain information on the number of Department of Defense (DOD) military and civilian personnel associated with the weapon systems affected by the Intermediate-Range Nuclear Forces (INF) Treaty. As agreed with your office, we identified—to the extent possible—the authorized number of affected positions as of the treaty's effective date, June 1, 1988.

RESULTS IN BRIEF

When the treaty became effective, 16,701 military and civilian positions were authorized for the two affected units in Europe and the United States: the Ground Launched Cruise Missile (GLCM) units, with 9,684 positions,[1] and the Pershing units, with 7,017 positions. By October 1, 1989, DOD plans to reduce GLCM and Pershing units by 5,822 positions—4,159 GLCM positions and 1,633 Pershing positions. By the end of fiscal year 1991, DOD estimates that all military and civilian positions formerly authorized for GLCM functions will be eliminated and 885 Pershing positions will remain.

BACKGROUND

The INF Treaty, signed on December 8, 1987, and effective on June 1, 1988, specifies that all missiles of a certain range, including their associated launchers, training equipment, and facilities, are to be destroyed within 3 years. For the United States, these missiles are the Air Force's GLCM and the Army's Pershing missiles. The operating bases for the GLCM are located in Belgium, West Germany, Italy, the Netherlands, and the United Kingdom. All Pershing operating bases are located in West Germany. In addition, some personnel associated with these units are located in the United States. As a result of eliminating these missiles as required by the INF Treaty, DOD plans to deactivate all GLCM and Pershing units.

PERSONNEL POSITIONS AFFECTED BY THE INF TREATY

When the INF treaty became effective, 16,701 military and civilian positions were authorized for the GLCM and Pershing units (9,684 GLCM and 7,017 Pershing). Of these, approximately 14,559 (about 87 percent) were military positions (8,244 GLCM and 6,315 Pershing) authorized for INF bases in Europe.

TABLE 1.—POSITIONS AUTHORIZED FOR GLCM AND PERSHING UNITS

Location of positions	Number of positions		
	GLCM	Pershing	Total
Military:			
Europe	8,244	6,315	14,559
U.S.	341	659	1,000
Subtotal	8,585	6,974	15,559
Civilian:			
Europe	974	43	1,017
U.S.	125	0	125
Subtotal	1,099	43	1,142
Total	9,684	7,017	16,701

PERSONNEL REDUCTIONS RESULTING FROM INF TREATY IMPLEMENTATION

According to DOD, military and civilian personnel in GLCM and Army Pershing units to be deactivated will be (1) reassigned within Europe to complete their overseas tours, (2) reassigned to the United States, or (3) retired or separated from military service.

According to DOD plans, by the end of fiscal year 1991, authorized staffing for GLCM military and civilian positions will be reduced to zero and Pershing authorized staffing is estimated to be 885 positions.[2] Table 2 portrays how these positions are scheduled to be reduced as a result of implementing the INF treaty.

TABLE 2.—REDUCTION SCHEDULE FOR GLCM AND PERSHING MILITARY AND CIVILIAN PERSONNEL POSITIONS

Fiscal year	Authorized positions			Positions reduced	
	GLCM	Pershing	Total	Number [1]	Percent
June 1, 1988	9,684	7,017	16,701		
1988	9,684	[2] 7,017	16,701	0	0.0
1989	5,525	5,354	10,879	5,822	34.9
1990	4,756	5,153	9,909	6,792	40.7
1991	0	885	885	15,816	94.7

[1] Cumulative numbers.
[2] Earlier Army data reflected a reduction of 111 authorized positions in fiscal year 1988.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objective was to obtain information on the number of military and civilian personnel associated with the INF treaty. We interviewed key Army and Air Force officials and obtained documents and other

[1] According to an Air Force document, the GLCM authorized level of 9,787 positions was adjusted to accommodate manpower for the On-Site Inspection Agency (55 positions) and a previously approved antiterrorism initiative (48 positions). Therefore, Air Force reduction plans address only 9,684 positions.

[2] Of the 885 spaces, 868 are the 2nd of the 4th Infantry Battalion. This battalion provides security for the Pershing battalions but after 1991 will be used as an opposing force for training maneuver battalions at the Combat Maneuver Training Center in Germany. The remaining 17 spaces are a Pershing Operational Test Unit, which will be reassigned to an Arms Reduction Management Activity.

data detailing this information. We conducted our review between February and June 1989 in accordance with generally accepted government auditing standards.

We discussed the information obtained with DOD officials and included their comments where appropriate. Unless you announce its contents earlier, we plan no further distribution of this fact sheet until 5 days from its issuance. At that time, we will send copies to the Chairman, House and Senate Committees on Appropriations and on Armed Services; the Secretaries of Defense, the Army, and the Air Force; and the Director, Office of Management and Budget. We will also make copies available to other parties upon request.

GAO staff members who made contributions to this fact sheet were Albert H. Huntington, III, Assistant Director; Mary K. Quinlan, Evaluator-in-Charge; and Ruth McIlwain, Evaluator. If we can be of further assistance, please call me on 275-4128.

Sincerely yours,

JOSEPH E. KELLEY,
Director, Security and International Relations Issues.

GENERAL ACCOUNTING OFFICE, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION,
Washington, DC, June 6, 1989.

Hon. ANDY IRELAND,
House of Repesentatives,
Washington, DC.

DEAR MR. IRELAND: After the issuance of our May 17, 1989, fact sheet (*Defense Manpower: Reductions in Joint Activities and Service Reallocations*, GAO/ NSIAD-89-148FS), Mr. Charlie Murphy of your staff asked us to identify how many of the 2,900 positions that were eliminated as a result of the *Review of Unified and Specified Command Headquarters* (commonly known as the Vander Schaaf report) were in Europe. Mr. Murphy also asked that the number be broken down my military and civilian positions.

According to officials from the Office of the Assistant Secretary of Defense, Force Management and Personnel, of the 2,900 positions eliminated as a result of the Vander Schaaf report, 608 were located in Europe. Of these, 380 were civilian and other 228 were military. If you have any additional questions, please call Bill Beusse, Assistant Director, at 275-3990.

Sincerely yours,

HAROLD J. JOHNSON,
Director, Manpower Issues.

GENERAL ACCOUNTING OFFICE, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISIONS,
Washington, DC, May 16, 1989.

Hon. ANDY IRELAND,
House of Representatives,
Washington, DC.

DEAR MR. IRELAND: On April 24, 1989, Assistant Director Bill Beusse briefed Mr. Charlie Murphy of your staff on the status of our job concerning DOD's response to the manpower cuts recommended in the Vander Schaaf report. Mr. Murphy inquired specifically about DOD's action on the positions associated with the Ground Launched Cruise Missile (GLCM).

The Vander Schaaf report made two recommendations regarding personnel associated with GLCM. Recommendation D3-4 recommended the elimination of 37 positions through the disestablishment of the 7000 Special Activities Squadron, which was set up to support planning and execution of GLCM development. In addition, Recommendation D3-5 recommended elimination of 35 positions in United States Air Force Europe (USAFE) headquarters that were involved with various aspects of GLCM support.

According to officials from the Air Force Office of the Deputy Chief of Staff, Personnel, those 72 positions are among those that will be eliminated in fiscal year 1991 in conjunction with the implementation of the Intermediate-range Nuclear Forces treaty. If you have any additional questions, please call Bill Beusse at 275-3990.

Sincerely yours,

HAROLD J. JOHNSON,
Director, Manpower Issues.

[Fact sheet for Hon. Andy Ireland, House of Representatives]

DEFENSE MANPOWER: REDUCTIONS IN JOINT ACTIVITIES AND SERVICE REALLOCATIONS

GENERAL ACCOUNTING OFFICE, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION,
Washington, DC, May 17, 1989.

B-233015.

Hon. ANDY IRELAND,
House of Representatives,
Washington, DC.

DEAR MR. IRELAND: On January 24, 1989, you asked us to review Department of Defense (DOD) plans for implementing the reductions in headquarters organizations outlined in the Secretary of Defense's report to the Congress dated December 1, 1988. That report responded to a study by the DOD Deputy Inspector General on streamlining unified and specified command [1] headquarters. Specificially, you asked us to determine (1) the extent to which the reductions have been incorporated into the DOD budget, (2) which organizations received reductions, (3) how the reductions were being accomplished, and (4) what kinds of units were receiving reallocated positions.

RESULT IN BRIEF

Of the 7,309 positions originally identified for elimination in the DOD Inspector General study, DOD eliminated 2,990 positions from its budget—426 from joint activities [2] and 2,564 from the services. The reductions are expected to be accomplished through normal attrition and rotation. The Office of the Secretary of Defense (OSD) approved the reallocation of 2,244 of these positions to combat and other high need areas.

BACKGROUND

At the request of the Secretary of Defense, DOD's Deputy Inspector General studied the Joint Chiefs of Staff organization, the unified and specified command headquarters and headquarters support activities, and component commands. That study, entitled "Review of Unified and Specified Command Headquarters," commonly known as the Vander Schaaf report, was completed in February 1988. It contained numerous organizational recommendations for eliminating duplicate functions and overlapping responsibilities among the various command headquarters. The study team identified 7,309 positions that it believed could be eliminated. The DOD Appropriations Act for fiscal year 1989 (P.L. 100-463) required the Secretary of Defense to submit an evaluation of the Vander Schaaf report to the House and Senate Committees on Appropriations.

DOD REVIEW OF THE VANDER SCHAAF REPORT

The Joint Chiefs of Staff and the Commanders in Chief of the unified and specified commands agreed or partially agreed with 53 of the 157 specific organizational recommendations. They said that the study team had inadequate time to comprehend fully the relationship between the unified and specified commands and the military departments and that implementing the other recommendations would adversely affect unified and specified command operations. The initial review by the Joint Chiefs and the Commanders in Chief resulted in an agreement to cut 505 of the recommended 7,309 positions.

After its review of the recommendations, OSD estimated that an additional 1,000 positions could be saved by streamlining the policy and oversight functions for base operations and that another 1,500 positions could be saved by additional reductions in the policy, plans, operations, and logistics directorates of the major staff.

On December 1, 1988, the Deputy Secretary of Defense sent letters outlining the cuts that were planned to the Chairmen, House and Senate Committees on Armed Services; the Chairmen, Subcommittees on Defense, House and Senate Committees on Appropriations; the Chairwoman, Subcommittee on Military Personnel and Compensation, House Committee on Armed Services; and the Chairman, Subcommittee on Manpower and Personnel, Senate Committee on Armed Services. He stated that the reductions would be made in the January 1989 budget submission. He also stated that the personnel reductions would be used to fund validated combat positions in existing units if the positions could be identified in time.

REDUCTIONS AND REALLOCATIONS INCORPORATED INTO FISCAL YEARS 1990 AND 1991 BUDGET SUBMISSION

DOD's budget submission for fiscal years 1990 and 1991 included the elimination of 2,990 positions attributed to the review of the Vander Schaaf study. Table 1 summarizes the reductions by service.

TABLE 1.—SUMMARY OF REDUCTIONS RESULTING FROM THE DOD REVIEW OF THE VANDER SCHAAF STUDY

	Joint activities reductions	Internal service reductions	Total reductions
Army	122	1,001	1,123
Navy	143	511	654
Air Force	131	1,037	1,168
Marine Corps	26	15	41
DOD	4	0	4
Total	426	2,564	2,990

Table 2 shows the joint activities that received reductions.

TABLE 2.—*Reductions in Unified Command Headquarters, Joint Activities, and Joint Staff*

Organization:	*Positions*
U.S. Atlantic Command	112
U.S. Central Command	45
U.S. European Command	66
U.S. Southern Command	14
U.S. Pacific Command	76
U.S. Space Command	11
U.S. Special Operations Command	28
U.S. Transportation Command	4

[1] Unified commands are composed of forces from two or more services, and specified commands are made up of forces from a single service.

[2] Joint activities are those that report to or through the Joint Chiefs of Staff and in which more than one military service is normally represented.

Joint Staff	20
Joint Strategic Target Planning Staff	33
Electromagnetic Compatibility Analysis Center	1
Defense Courier Service	6
World-wide Military Command and Control System Information System Joint Program Manager	1
National Defense University	7
Joint Electronic Warfare Center	2
Total	426

Army, Navy, and Air Force organizations that were reduced are shown in tables 3, 4, and 5, respectively. Internal reductions in the Marine Corps amounted to 15 positions, but the location of these reductions has not been specified.

TABLE 3.—*Internal Army Reductions*

Organization:	*Positions*
Force Command	203
Western Command	30
8th U.S. Army	265
Special Operations Command	6
U.S. Army, South	11
Space Command	2
U.S. Army, Japan	16
Military Traffic Management Command	35
U.S. Army, Europe	433
Total	1,001

TABLE 4. INTERNAL NAVY REDUCTIONS

Organization:	*Positions*
U.S. Atlantic Fleet	240
U.S. Pacific Fleet	191
U.S. Navy, Europe	32
Military Sealift Command	45
Naval Space Command	3
Total	511

TABLE 5.—INTERNAL AIR FORCE REDUCTIONS

Organization:	*Positions*
U.S. Air Force, Europe	127
Air Force Space Command	94
Strategic Air Command	396
Pacific Air Command	148
Tactical Air Command	167
Military Airlift Command	105
Total	1,037

OSD approved service-requested reallocations of 2,244 (75 percent) of the 2,990 positions. The Army's reductions included 163 officers, 216 enlisted personnel, and 744 civilians. The Army received OSD approval to reallocate all 1,123 Army positions that were eliminated. It reallocated 75 officer positions to combat units, converted 88 officer positions to enlisted positions, and reallocated them along with the 216 lost enlisted positions to combat units. The 744 civilian positions were reallocated to medical support positions.

The Navy's reductions included I 167 officers, 292 enlisted personnel, and 195 civilians. All officer and enlisted positions were reallocated to ships, squadrons, and submarines, and the civilian positions were reallocated to medical facilities. Of the Marine Corps' reduction of 41 positions, 12 officer and 29 enlisted positions were reallocated to enlisted combat positions.

The Air Force requested permission to reallocate 564 of its 1,168 reduction. However, OSD approved the reallocation of only 426 positions (42 officer and 384 enlisted) to fill aircrew, maintenance, and security requirements. None of its civilian positions were reallocated.

In implementing the reductions over 3 fiscal years, each of the services expects to be able to meet the reductions through normal attrition and rotation. OSD does not anticipate the need for any major reductions-in-force.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective ws to obtain information on DOD's plans for implementing the reductions in headquarters organizations outlined in OSD's December 1, 1988, report to the Congress. We interviewed key OSD officials and obtained documents detailing where the reductions were made. We did not verify the accuracy of the documents provided by OSD. We conducted our review from February 1989 to April 1989 in accordance with generally accepted government auditing standards.

We discussed the information obtained with DOD officials and included their comments where appropriate. Unless you announce its contents earlier, we plan no further distribution of this fact sheet until 5 days from its issuance. At that time, we will send copies to the Chairmen, House and Senate Committees on Appropriations and on Armed Services; the Secretaries of Defense and the Army, Navy, and Air Force; and the Director, Office of Management and Budget. We will also make copies available to other parties upon request.

GAO staff members who made major contributions to this fact sheet were William E. Beusse, Assistant Director, and James F. Reid, Evaluator-in-Charge. If you need further information, please call me at 275-3990.

Sincerely yours,

HAROLD J. JOHNSON,
Director, Manpower Issues.

GENERAL ACCOUNTING OFFICE, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION,
Washington, DC, July 17, 19879.

Hon. ANDY IRELAND,
House of Representatives,
Washington, DC.

DEAR MR. IRELAND: After the issuance of our June 8, 1989, report (*INF Treaty: Army and Air Force Personnel Reductions*, GAO/NSIAD-89-173FS), Mr. Charlie Murphy of your staff asked us to verify the disposition of the 1,099 Air Force civilian positions scheduled to be eliminated as a result of the Intermediate Range Nuclear Forces (INF) Treaty. According to the Department of Defense, all civilian billets associated with INF have been taken out of its budget submission.

After reviewing Air Force Justification of Estimates for fiscal years 1990/1991 submitted to the Congress in January 1989, we have documented that these civilian positions are scheduled to be eliminated by 1991. All positions are included in the Operations and Maintenance Justification Book Tracks. Of the 1,099 positions, 432 are scheduled to be eliminated in fiscal year 1989, 31 positions in fiscal year 1990, and 636 positions in fiscal year 1991.

If you have any additional questions, please call Albert H. Huntington, III, Assistant Director on 557-1469, or Mary K. Quinlan, Evaluator-in-Charge, on 557-1524.

Sincerely yours,

JOSEPH E. KELLEY,
Director, Security and International Relations Issues.

□ 1800

Mr. ASPIN. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. McCURDY].

Mr. McCURDY. Mr. Chairman, I rise in strong support of the committee bill on the defense authorization bill and want to commend the gentleman from Wisconsin [Mr. ASPIN], chairman of the committee, and my subcommittee chairs, the gentleman from California [Mr. DELLUMS] and the gentlewoman from Colorado [Mrs. SCHROEDER], for their diligent efforts in the subcommittees in producing a product that included most Members' views in a very difficult and challenging year.

Mr. Chairman, I heard a statement recently describing the last 40 years of United States-Soviet relations, and I thought it was a very accurate description when it said that for the past 40 years we had blessed certainty and assured simplicity, because it was clear-cut, it was absolute, there was a Berlin Wall, there were good guys and there were bad guys. Today, Mr. Chairman, there is a new reality. We have a new player in the Soviet Union. They are trying desperately to move their economy along, and with that new reality we see all kinds of new statements and new positions emerging from the Soviet Union. I think we are hopeful that they will move to change relations and reduce tensions between our great Nations.

However, in the meantime there is still considerable danger. Although there is great opportunity to enhance our opportunities for peace, there is still great danger. Mr. Chairman, we need to remain vigilant. The administration is a new administration. We have a new Secretary of Defense, and I have decided this year to support the Cheney budget and to allow the administration the flexibility to negotiate, to develop a strategy, to have the opportunity, as an administration should, to deal with this new Soviet regime.

Since we are having a changing role, however, I implore the Department of Defense to work to develop a strategy that handles our security needs. In the past we have had a lot of programming and budgeting, but very little planning, and that is the reason we have needed net assessments incorporated into the planning process. I said some time ago it was foolish to build without a strategy but, Mr. Chairman, it is dangerous to cut without a strategy.

In regard to the Research and Development Subcommittee markup, Mr. Chairman, there were two areas we felt imperative that we have long-range research and development effort. The first was in the antisubmarine warfare capabilities and advanced submarine technologies. This is critical to protect our strategic assets.

Second, I thought it was important, and I think the subcommittee agreed, to develop long-term aviation competitiveness with the funding of the national aerospace plan. This funding

and this program has tremendous potential to improve not only our military capabilities, but also civilian applications as well.

Mr. Chairman, in the full committee we had a contentious debate of the B-2, the Stealth bomber. I have supported the committee's position. I believe it was a balanced approach and a wise approach. I will support the Skelton amendment to add some restrictions on the procurement and the development, but not to delay or stretch the program, which would inherently increase costs.

There are two additional amendments that I would like to speak of. One is going to be offered by the gentleman from Utah [Mr. OWENS] to cancel the C-17. We had that debate in the last Congress. We explored it fully, we debated, we voted, and we voted overwhelmingly to continue the funding of the C-17. It is on pace, and we should not disrupt it now.

The other amendment is the amendment to be offered by the gentleman from Kentucky [Mr. HOPKINS] regarding the LHX. I too will oppose that and would urge Members to oppose that amendment as well. It is clear that the Army is continuing on an aviation modernization program. We should not disrupt it.

As I stated in the committee, when the Air Force research and development budget is larger than the entire Army procurement budget, something is wrong within our priorities. A cut in the modernization effort or the LHX would be a mistake.

Mr. ASPIN. Mr. Chairman, could the Chair advise how much time remains on each side?

The CHAIRMAN pro tempore (Mr. DURBIN). The gentleman from Wisconsin [Mr. ASPIN] has 24½ minutes remaining, and the gentleman from Alabama [Mr. DICKINSON] has 10 minutes remaining.

Mr. ASPIN. Mr. Chairman, I yield 5 minutes to the gentleman from Florida [Mr. BENNETT].

Mr. BENNETT. Mr. Chairman, in the progress of human-kind, nothing is so unchanging as change. It occurs all the time, and we are in a particular changing period of history at this moment.

The thing that affects me most greatly in my thinking is the fact that we have tremendous surplusages in the field of nuclear power and weaponry, and we have not paid adequate attention to conventional forces.

I am the chairman of the Subcommittee on Seapower and Strategic and Critical Materials, and as such I have a formal statement here reflecting what that committee has recommended, and I include that in the RECORD at this point.

Mr. Chairman, I rise in support of the committee report on H.R. 2461, the fiscal years 1990/1991 Department of Defense authorization bill. I will speak specifically of portions of the bill relating to the Seapower Subcommittee.

For fiscal year 1990 the committee recommends authorization of $9.9 billion for 19 new construction ships and 2 conversions. Included are the 17th Trident submarine, 1 *Los Angeles*-class attack submarine, 5 *Arleigh Burke*-class guided missile destroyers, 3 mine countermeasures ships, 3 coastal minehunters, 1 landing ship dock, 1 ocean surveillance ship, 1 fast combat support ship, 3 auxiliary oceanographic research ships, 9 air cushion landing craft, and long-lead funds for 2 *Seawolf*-class attack submarines. Also included are an aircraft carrier service life extension, the conversion of a fleet oiler, and the conversion of a retired nuclear ballistic missile submarine to a moored training vessel.

Notably, the bill contains long-lead and research funds for a prototype fast sealift ship. Fast sealift is vitally needed to ensure our ability to move troops and their equipment overseas in a timely manner. The committee bill would begin a program aimed at providing enough ships to move a heavy Army division.

In the Navy's other procurement and weapons procurement accounts the committee recommends a package of upgrades to the Navy's 100-plus frigates that will improve their defensive capabilities against high-speed, low-flying missiles. The committee also approved language that would lead to improved antisubmarine capability on these ships.

In the much neglected area of mine warfare, the committee recommends the transfer of $15 million for research on a new medium depth mine, something the Navy now lacks.

The committee recommends reductions in two areas, the MK-48 advanced capability torpedo and the other procurement account. In testimony this year the subcommittee found that the MK-48 had not met many of its operational test objectives, and decided that the torpedo should be held at the low-rate production level. The committee recommends cutbacks in certain other procurement accounts in recognition of the typical cutbacks the Navy itself makes each year.

The bill also contains a number of legislative provisions affecting the Navy and its ship construction and repair efforts. These include:

First, a provision to require a report on the implications of a slower rate of building Trident submarines;

Second, a provision to require that ship production engineering funds be requested in the shipbuilding and conversion account;

Third, a provision to amend the Atomic Energy Act to preclude proliferation of naval nuclear power information and to tighten the criteria for exchanges of information under existing sharing agreements;

Fourth, a provision to require a study of shipboard breathing devices used in firefighting;

Fifth, a provision to limit to U.S. sources the procurement of shipboard anchor and mooring chain of 4 inches diameter or less;

Sixth, a provision to amend current law dealing with handling of hazardous waste in naval ship repair to require the Navy to indemnify its shipyard contractors against claims or losses relating to the contractor's handling or disposal of Navy-generated hazardous waste;

Seventh, a provision to increase the progress payment rate on naval ship repair contracts and to extend the applicability of the rate increase;

Eighth, a provision to require that not less than half of the depot-level shipwork scheduled to be accomplished over the next 3 years on ships homeported in Japan be accomplished in shipyards in the United States or its territories; and

Ninth, a provision to require the Secretary of the Navy to contract for the removal of certain scrap material from ships prior to use of the ships for experimental purposes.

The bill also contains a number of provisions dealing with the management of the national defense stockpile of strategic and critical materials. Specifically, the bill would:

First, authorize changes in 21 specific stockpile requirements as recommended by the Secretary of Defense;

Second, authorize the disposal of $180 million of unneeded materials and the use of the proceeds to purchase $180 million of needed materials; and

Third, encourage the production of strategic and critical materials from domestic sources and require competitive procedures for grants and contracts involving the national defense stockpile transaction fund.

Mr. Chairman, I believe the committee has worked hard to craft a responsible bill in the seapower area given some difficult fiscal constraints. I urge my colleagues to join me in supporting the committee-reported bill in these important aspects.

Mr. Chairman, I will speak a bit about what I started to speak about at the beginning, and that is the fact that we are in a time now when the responsibility is put upon us in the Constitution to be responsible for the national defense of our country, and that is what is on our back as the Congress of the United States, we have to look at what we have been doing wrong and what we can do right in the future.

What we have been doing wrong is spending entirely too much money and projecting too much expense for the future in weapons which are really not needed, which are redundant, and we have not done enough to protect ourselves in the fields in which we should be operating, particularly in conventional warfare.

□ 1810

In our committee, the Subcommittee on Seapower, we addressed this question. We reduced some expenditures. We made available three additional ships, one of which will be a prototype for a new type of fast deployment, fast transport, very greatly needed.

There are other things in this report from the Subcommittee on Seapower which show we have done some new things.

In R&D, the Subcommittee on Research and Development, of which I am also a member, there we struck $1 billion out of the SDI account, and as a result of that made available some

money for microelectronics and semiconductors and other things which will be very valuable to us in the field of conventional warfare.

So this money out of SDI has so far gone to very good purposes. Tomorrow I hope there will be further money made available and in that process of reducing SDI expenditures we will make money available for conventional warfare in a way which is really meaningful for the challenges that we have in 1989.

We have very real challenges in the field, for example, not having adequate ammunition, not adequate provision for various aspects of our conventional responsibilities. These can be met by making this money available from SDI.

I am delighted that opportunity occurred.

Mr. Chairman, I am not an enemy of SDI. I just feel like SDI probably will have a very obvious answer, which is the production of additional ICBM's. After all, it is not a perfect shield, no one thinks it is going to be a perfect shield.

Under those circumstances it is clear that the opponent, whoever he may be, would produce more ICBM's pointed in our direction, which would be a calamity.

It would not be a step forward for mankind, it would be a step backward.

So I hope tomorrow when the matter comes up, that the people will support the conservative position with regard to SDI; $3.1 billion would be the amendment I will offer.

As a result, that money would be loosened up for a number of conventional things which are very greatly needed.

Some of them are obvious things which are very important to us, such as repairing the helicopter fleet which has been destroyed recently in Texas; such as providing additional ammunition for the Army; providing other things of that nature.

So, Mr. Chairman, I am grateful for the opportunity to make these remarks about this bill. It is a watershed bill, it comes at an important time in our history. It is important not only because there is greater opportunity for greater friendship throughout the world, which I certainly hope will be the result of a lessening of tensions, but I would say it is more important really because we are not looking at the fact that we are overextended in fields where we should not be spending as much money as we are spending and we are not extended as far as we should be in some of our conventional challenges.

So I think this bill will be a move in the direction of protecting ourselves as our responsibilities under the Constitution, our Constitution, requires us to do. We are required under the Constitution to provide for the national defense, and that is what we are doing in this bill.

Mr. Chairman, I congratulate the chairman and the members of the committee for bringing forth this bill. I think it is a good bill and I hope we will resoundingly pass it.

Mr. DICKINSON. Mr. Chairman, I yield 4 minutes to the gentleman from South Carolina [Mr. SPENCE], the ranking member of the Subcommittee on Seapower and Strategic and Critical Materials, to follow the chairman of that subcommittee.

Mr. SPENCE. Mr. Chairman, I thank the gentleman from Alabama for yielding time to me.

Mr. Chairman, I rise in support of H.R. 2461, the committee-reported version of the fiscal years 1990-91 Department of Defense authorization bill. I would like to take a few moments to discuss certain aspects of the bill relating to the Seapower Subcommittee, on which I serve as the ranking Republican member.

The bill would make a number of significant improvements to the Navy's ability to deal with conflicts across the warfare spectrum. Many of these improvements are the result of lessons learned from the Persian Gulf experience.

For example, the bill would divert from other sources $85 million to begin an upgrade program for the Navy's 100-plus frigates that would improve, to a large extent, their ability to defend themselves against low-flying, high-speed cruise missiles like the Exocet. These improvements would include the addition of new guns and electronics and the application of techniques to make the ships harder to detect on enemy radars.

The bill would also beef up the Navy's mine warfare capabilities. For example, the bill would authorize a total of six new mine countermeasures ships—including two coastal minehunters added by the committee—to replace the existing fleet of obsolescent, 1950's-vintage minesweepers. Although these older ships showed they still had some fight in them in their Persian Gulf service, they must be replaced soon if we are to keep up with the modern mine threat. The committee also acted to shore up the Navy's inventory of modern mines, diverting $15 million to develop a new mine to be used in medium depth waters.

The committee also moved to improve our ability to move troops and equipment overseas in time of emergency by recommending the start of a fast sealift ship program. For too long we have neglected this vitally important area of military capability. The recent reports of the Commission on Merchant Marine and Defense point most dramatically to the need for virtually all kinds of sealift for defense purposes. Although neither the Department of Defense nor the committee are in a position to solve unilaterally, the sealift problem, we can and should take on the responsibility for the militarily unique need for fast sealift.

Having indicated my support for the bill and several areas where the committee made significant improvements, in my view, I would be remiss if I did not express certain misgivings I have about the overall dollar level in the bill and about the Navy program in particular.

Simply put, Mr. Chairman, this bill barely passes muster in the amount it proposes for defense spending. Some apparently believe we can withstand a fifth year of negative growth in defense spending because "peace is breaking out all over." But to a large extent, all we've had so far are a number of nice-sounding statements from the Soviet leadership. Their forces aren't appreciably smaller; their production rates for major weapon systems aren't appreciably lower. As a matter of fact they're still outproducing us in many areas. In short, Mr. Chairman, we should not let down our guard, based on a few well-received speeches from the other side. The President has indicated his desire to move cautiously in the military arena, watching Soviet capabilities—not just perceived intentions—as the guideline for United States actions. I support this approach.

Nowhere is this approach more important than for our Navy. Regardless of the outcome of the current Soviet experiment, the United States—a maritime nation—will always need a strong and capable Navy. This bill would begin the decommissioning of ships at a pace that will leave us with 1 less aircraft carrier and 53 fewer deployable surface combatants by the end of fiscal year 1993. If we're not careful we will find ourselves on the same slippery slope of the 1970's, when we worked our Navy people and ships at such a frenetic pace that people left the Navy in droves and the ships just plain wore out.

Mr. Chairman, we cannot permit this sort of thing to happen again.

Mr. ASPIN. Mr. Chairman, I yield 5 minutes to the gentleman from Florida [Mr. HUTTO].

Mr. HUTTO. I thank the chairman for yielding.

Mr. Chairman, as chairman of the Readiness Subcommittee I rise in support of H.R. 2461.

The committee recommends authorization of $87.9 billion for Department of Defense operation and maintenance activities, $2.3 billion below the administration's request. We also recommend $801 million for working capital funds, $27 million above the budget request.

The committee endorses the Department's decision to protect the O&M

accounts in this time of budget turmoil. Ten years ago this would not have happened, and it is a significant sign that the Department has finally reached the same philosophy espoused by this committee over the last decade; that is, without adequate O&M funding readiness will suffer.

Even with this significant change in philosophy by the Department, a number of issues surfaced this year that will have important ramifications in the years ahead. First, the cost to operate and maintain all of the new equipment purchased during the 1980's is two to three times what was anticipated. The cost to operate an M-1 tank, for example, is 2½ times greater than an M-60. Similarly, the cost to operate an Apache helicopter is more than twice as much as its predecessor. These high operating costs will cause a dilemma for commanders, because if O&M funds do not increase, training on the new equipment must be cut back or alternative methods substituted for actual hands-on training.

Second, environmental problems are increasing at an alarming rate, with some estimates indicating that as much as $2 billion will be needed annually. With a level budget, the Department will be faced with cleaning up environmental problems at the expense of national security programs.

The Department is already experiencing increased backlogs in its equipment and property maintenance. These areas are vital to readiness, yet they are the first areas to be reduced when budgets become tight. Continued level budgets will force managers to choose between repairing equipment and property or laying off civilian employees. Since over one-quarter of the O&M account is for civilian pay, additional O&M reductions in the future will lead to lower levels of civilian employment.

The committee views with increasing concern a pattern of harassment of American military personnel and their families at several overseas locations. The Readiness Subcommittee conducted a hearing to review the state of military quality of life. At the hearing witnesses cited increased harassment and, in some cases, physical harm and threats to military personnel in Panama, Greece, the Philippines, and South Korea. In other nations, too, there is rising sentiment against U.S. military presence, making life difficult for military personnel.

The committee appreciates diplomatic and host nation efforts to improve these situations and supports added measures aimed at quelling the insecurity faced by our military personnel and their families. The committee continues to advocate adequate resources for quality of life improvements, and endorses the quality of life funding budget supported by DOD, particularly for overseas locations. If Americans face isolation, it is imperative that their on-base facilities be adequate. Several measures are included in this bill to further support DOD efforts to improve conditions.

The committee made various adjustments to the operation and maintenance and working capital funds accounts, staying within the administration's request. Major adjustments include:

First, $300 million to increase readiness-related activities, such as supply operations, depot maintenance, transportation, and base operating support.

Second, $13 million to continue humanitarian aid for Afghan refugees.

Third, $14.6 million to provide security assistance for the goodwill games to be held in Seattle, WA, in 1990.

Fourth, $105 million to repair helicopter damage caused by a wind storm at Fort Hood, TX.

Fifth, $10 million for transportation costs of U.S. beef for commissaries in Europe.

Sixth, $42 million restored to Guard and Reserve units in light of the committee's decision to study the total force concept.

Seventh, $2 million to continue expansion of satellite transmissions to overseas locations and live radio to Navy ships.

Eighth, $83 million to increase defense environmental restoration fund.

Mr. Chairman, I ask my colleagues to endorse our efforts to maintain readiness and support H.R. 2461.

□ 1820

I yield to the gentleman from Alabama.

Mr. DICKINSON. Since this comes under the purview of the gentleman's committee, I wonder if the gentleman could tell the House what, if anything, the committee is doing to address two particular problems: One is whether or not local hire would be preferred or made a requirement over U.S. personnel and dependents; and the second, as we look at Americans being kicked out of Torrejon, in the future, what provision might be made in severance pay if we remove, not due to any part of our own?

Mr. HUTTO. Mr. Chairman, yes, we do give preference to Americans and not to foreign nationals on hiring. Second, our subcommittee felt strongly and overwhelmingly supported language in the bill, section 311, to say that if the host nations kicked Americans out of their country, close our bases, they should be responsible for the severance pay, and not the United States of America. We do have that in section 311, and this prohibition would also apply to severance pay for the foreign national employees of contractors who may have a contract.

Mr. ASPIN. Mr. Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. DYSON].

Mr. DYSON. Mr. Chairman, I rise today in support of H.R. 2461 and I also wish to address one of the issues which this Congress must face as it debates the Department of Defense authorization for fiscal years 1990 and 1991.

This is an unusual year for the DOD. The Secretary of Defense was appointed and approved far later than anyone expected and it has taken even longer for other DOD appointments to follow. However, of great importance to this body is the budget which Secretary of Defense Cheney has submitted for our review.

Overall, I wish to extend my compliments to Mr. Cheney for making some tough decisions in a very short period of time. In only 39 days, the Secretary reviewed and submitted the entire DOD budget. However, after reviewing the Secretary's budget, I believe that some areas are in desperate need of revision, most notably naval aviation.

Mr. Chairman, the Secretary has determined that the Navy will be able to cruise through the future troubled waters of the world, safely protected by the aircraft it possesses. I not only disagree, I join a great number of my colleagues who forsee serious military shortages and costly buildups in the future under the Cheney proposal.

Today's newspaper and yesterday's evening news contained stories of trouble in many areas of the world. The ayatollah may be dead, but I do not believe that the threat from Islamic terrorists has decreased one iota. In fact, I can imagine few events that would give the world's extremists more happiness than causing destruction of American property and the deaths of American servicemen.

I was a part of the congressional delegation which visited Beirut after the suicide bombing which killed almost 300 of our marines who were stationed there as peacekeepers. I could never adequately express the horror and the pain that I encountered during that visit. It is forever etched upon my memory, and perhaps it is good to remember that war is more than snazzy weapon systems and bad things that happen far, far away from America. The simple fact is that our marines were unprotected in what is one of the most dangerous and unstable countries in the entire world.

We must ensure that our naval forces are not left unprotected when we send them out to sea. Today's reality is that we cannot depend upon foreign countries to protect American lives by providing refueling or landing privileges for U.S. aircraft. We learned that lesson in the Persian Gulf where our naval vessels protected the oil tankers of the very countries that

would not permit our Navy or Air Force to use their airports. This Nation's Navy was forced to survive in a war zone with the only air support available being that aircraft which was carried on naval vessels outside of the gulf.

As our Navy faces hostile situations and threats in the future, we in Congress must not forget that these carrier groups are not just composed of a dozen or so steel ships and high technology computers and defense systems. Rather, they are composed of thousands of American men who also have hopes and dreams for their future. These sailors, their family, friends, and loved ones depend upon the Congress to provide the Navy with every possible consideration for their safety. And this is one task on which, if we do err, we must err on the side of our sailor.

Mr. Chairman, this Congress will soon be asked to vote on a number of crucial amendments which will shape our Nation's defense and its policies. It will also serve as our commitment to the men and women who proudly serve this Nation in the Armed Forces.

For these reasons, I urge my colleagues to reject the Cheney amendment which will be offered. I am convinced that if we accept that amendment today, we will regret that vote in the years ahead.

The Cheney proposal cancels a number of vital Navy aircraft programs, including the F-14 and the EA-6B. The facts are plain: We are either short of these aircraft or we can expect shortfalls in the midnineties. While I support the Navy's efforts to move into its next generation of fighters, I believe that its advanced tactical fighter risks development and production delays that could prevent its introduction into the fleet until after the year 2000. The EA-6B has also been canceled by the Cheney budget. We also have an acknowledged shortfall of this aircraft that is exacerbated by the fact that there is no follow-on aircraft program.

As my colleagues have heard already, there are other serious concerns associated with the Cheney proposal. This great country has only two sources of naval aircraft production. Canceling the F-14 will probably force its manufacturer out of business and could create a naval aircraft monopoly. I deeply believe that the taxpayer loses in those arenas that are without competition.

Even without war, this Nation's active naval air force will be reduced in the years ahead due to accidents, normal maintenance, retirement from advanced age or usage, use in training, or mechanical problems. Continued naval aircraft production is the only way to ensure that the Navy has enough aircraft without a shortfall or without transferring aircraft among carriers. Continued production is also vital to the Nation's ability to retain two qualified production companies and to retain a vital segment of the Nation's defense industrial base.

I strongly urge my colleagues to reject the Cheney amendment and to join their colleagues on the Armed Services Committee who have already reviewed and rejected the Cheney proposal.

I thank the chairman of the committee for yielding this time and for providing the full House with a Defense bill that addresses the shortfalls in naval aircraft.

I also wish to take a moment to compliment and thank the dedicated staff of the committee which has put many long nights and weekends into assisting the members to draft the legislation before us today.

Mr. ASPIN. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia [Mr. RAY].

Mr. RAY. Mr. Chairman, I rise in strong support of the Committee on Armed Services bill, H.R. 2461.

I want to quote briefly from an article published today by syndicated columnist George Will, and I ask the complete remarks be inserted into the RECORD. He says in his opening statement that the, "Costly airplane is coming to decision time in Congress at the moment of maximum uncertainty about Soviet intentions."

B-2 MIGHT TURN OUT TO BE A SPECTACULAR BARGAIN

(By George Will)

The costliest airplane is coming to decision time in Congress at the moment of maximum uncertainly about Soviet intentions. The Stealth bomber comes in a period of severe budget constraints that the president promises to continue (read his lips), constraints that have made Congress eager for a "detente dividend" of defense cuts to finance the pent-up demand for domestic spending.

The B-2 is the 150-ton flying wing, product of 900 new materials and processes, with a million parts and 200 on-board computers, with radar-nullifying technologies that give it a radar cross-section of a goose or (some say) a moth. B-2s cost about $500 million apiece, $70 billion for the proposed fleet of 132.

Can we afford it? About a third of the $70 billion has already been spent on research and development, so the "fly-away" cost would be under $300 million per plane. A Boeing 747's base price is $125 million and it need not be able to penetrate Soviet air defenses that include more than 300 surface-to-air missiles for every U.S. bomber and five fighters devoted to interception for every U.S. bomber. The S&L bailout will cost more than $100 billion. The Air Force argues that the B-2 fleet would deliver 2,000 warheads at a cost-per-warhead comparable to ICBM's and SLBMs.

We can afford what we need, which is stable deterrence. That means retaliatory forces sufficient to survive a Soviet attack and inflict intolerable damage. It means an array of forces that complicates, to the point of paralysis, war planning by a Soviet leader.

The B-2 could contribute to that, but the cost might mean the cannibalizing of the defense budget to finance it (particularly because the commander in chief is willing to sacrifice national security on the altar of his anti-tax obsession). The argument for finding the money begins with the basic argument for bombers: They deliver a large variety of ordinance over long distances under close control. Cruise missiles fired from vulnerable stand-off aircraft cannot travel as far, recognize changed situations or report back.

Bombers are long-lived and improvable. The newest B-52 is 28 years old. Improved avionics have doubled the potency of some B-52s in the last six years. The B-2 has been designed to deliver conventional as well as nuclear weapons. One B-2 can deliver more conventional ordinance than all the cruise missiles carried by a 688 class submarine (or a battleship) and a submarine needs two weeks to re-arm and return to station. The B-2 performs with a crew of two.

It can be especially effective striking certain targets that must be held at risk if deterrence is to be strong. These included mobile ICBMs and some hardened sites, such as the deep shelters that the Soviets elite has built for itself with war-fighting in mind.

It is said that the B-2 could be used against terrorist targets. We have fewer overseas bases than before, and use of them for attacks against, say, Libya, can cause political problems in the host country. However, such a use of the B-2 seems like (in Sen. William Cohen's words) sending a Rolls Royce into a combat zone to pick up groceries. And U.S. reluctance to act against the likes of Libya suggests that improved capability would be pointless. However, one reason for the reluctance is fear of diplomatic and domestic political trouble from any U.S. losses. The B-2 could reduce that danger, and hence the reluctance.

Any decision about a strategic system is, fundamentally, a decision about this question: What are Soviet intentions? The plain truth is that we do not know what they are, and whatever they are, they are changeable. Soviet arms production rolls along unabated. It would be folly for the United States to rest its security on faith in the words of, and confidence in the long tenure of, one Soviet leader. Intensifying economic decline, ethnic violence, and now labor unrest, make Gorbachev's future highly uncertain.

This is no time to reduce the pressure. This is a good time to signal U.S. determination to regard the Soviet threat as unchanged until many things more substantial than Soviet rhetoric are changed.

The B-2 would vitiate more than $200 billion of Soviet investment in all defenses. The B-2 would be a dramatic demonstration of U.S. determination to use the leverage of technological superiority to conduct an arms race in which the unreformed Soviet economy cannot compete.

The fundamental hope behind U.S. policy is that economic reform will presuppose, and presage, political reforms that will reduce the Soviet urge for military competition. So Congress should consider this: If building the B-2 would help convince the Soviet Union of the ruinous futility of its militarism, the B-2 would be a spectacular bargain.

Mr. Chairman, today I had the Library of Congress research the cost to the first airplane bought by the United States in 1908 from the Wright

brothers by the U.S. Army. Let me put into the RECORD what the Library of Congress said about the first airplane purchased. It said:

In 1908, the Army bought one plane from the Wright brothers. It was the first purchase, and it was delivered until 1909. The cost of the plane was in their dollar $25,000, which in today's dollars in 345,000. The plane exceeded expectations and specifications so the Army paid a $5,000 bonus, which is $69,000 in today's dollars. Therefore, we paid a total of, in today's dollars, $414,000 in today's dollars for this first plane.

So the truth of the matter is that all of our technology and new weapons is expensive. "The B-2 is the 150-ton flying wing, product of 900 new materials and processes, with a million parts and 200 onboard computers with radar nullifying technologies," according to George Will, "that give it a radar cross-section of a goose or—some day—a moth. B-2's cost about $500 million apiece." A horrendous sum, a tough sticker price. However, Mr. Chairman, we have to pay for technology that we develop.

Mr. DYSON. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. WEISS].

Mr. WEISS. Mr. Chairman, I will be offering an amendment to this year's Department of Defense authorization bill. As in previous years, my amendment deals with the D-5 missile program. However, unlike in the past, my amendment would only affect the refit portion of the D-5 program.

The D-5 refit program would backfit eight Trident submarines, currently equipped with C-4 missiles, with D-5's beginning around 1993. The costs of this program will exceed $6 billion.

The Navy plans for a Trident fleet of at least 20 submarines. The first eight have been deployed with C-4 missiles. The next 12 or more Tridents will be equipped with D-5 missiles. With these new D-5's, the United States will have, for the first time, the capability of hitting hard targets inside the Soviet Union from the sea-based leg of the nuclear triad.

If there were no backfit program, our Trident force would contain at least 12 submarines equipped with D-5's with the capacity to aim well over 2,000 hard-target warheads. For point of reference, the Soviet Union has a total of 1,283 silo-based ICBM's. Clearly, even without the additional capability that would result from backfitting the first eight Trident subs with D-5's, U.S. SLBM's would have an overwhelming hard-target capability. When land-and air-based forces are taken into account, our ability to strike hard targets is much greater still.

This amendment woud allow the D-5 program to proceed almost entirely unencumbered. Every Trident submarine which is deployed from now on would be equipped with D-5 missiles if my amendment were to pass. The only change in U.S. nuclear force structure resulting from the passage of my amendment would be a marginal reduction in our hard-target capability from the sea. However, as I mentioned before, in the context of our entire Trident force and the rest of our strategic nuclear arsenal, this change would have a negligible impact on our overall nuclear capability.

The U.S. Treasury does not have an extra $6 billion to spend on a program which has little, if any, strategic benefit. I urge my colleagues to support my amendment as a measured, responsible, and fiscal sound change in our defense policy.

□ 1830

Mr. DYSON. Mr. Chairman, I yield 3½ minutes to the gentleman from New York [Mr. HOCHBRUECKNER].

Mr. HOCHBRUECKNER. Mr. Chairman, let me say to my colleagues that we face a major crisis in Naval aviation. The Cheney budget, as it was presented to the Congress, irreversibly guts Naval aviation. Despite the fact that the Navy recently reconfigured its air wings by calling for a smaller number of aircraft in order to mask the shortage of aircraft that is coming in the future, we still have a tremendous shortage. This chart presents that shortage.

I served in the Navy as an enlisted man in a squadron, and I worked for 25 years in aerospace engineering, and I look upon myself as a bit of a student of Naval aviation—if we look at the 5 major aircraft on our carriers today, we find that we have the A-6 aircraft, and the Navy says they need 741 of them by the year 2000. We are going to be 198 aircraft short, 42 percent short of A-6's, the medium attack bomber, the Intruder.

Then there is the EA-6B, the electronic warfare aircraft, the Prowler, that is used to jam enemy radars so that the A-6's can get in and get out safely. The Navy said we need 145 of those, and we are going to be 47 short by the year 2000; 32 percent short.

Then the F-14, the Tomcat. Everyone knows what a Tomcat is. It is the aircraft featured in the movie, "Top Gun." It is a sensational aircraft that works extraordinarily well, and it is the one that the Navy relies on most heavily when we have confrontations such as with Libyan jets over the Mediterranean. The Navy says we need 457 of those. We will be 56 short by the year 2000, 12 percent short.

The E-2c, the Hawkeye, the early warning aircraft that the Navy does not go anywhere without, because it lets us see anything coming at the fleet, and it allows the F-14's to be vectored to protect the fleet. We will be short of those aircraft also.

Those 4 aircraft are built by Grumman, they are already heading for shortage and we are moving toward an irreversible gutting of Naval aviation.

The 5th aircraft, the F/A-18, the Hornet, built by McDonnell Douglas, is a very good aircraft. It is a fighter-attack aircraft combination. It is a good aircraft, but it is not an F-14 and it is not an A-6. We will have a slight surplus of those by the year 2000.

We have a major problem here. These shortages are irreversible, because the present Cheney budget has no money for A-6's, no money for EA-6B's, no money for F-14's, and there is money for only 4 E-2c's. If that budget were to go through unchanged, we would find ourselves in a situation where Grumman would go out of business, and when we finally come to our senses and decide that we cannot allow the gutting of Naval aviation, Grumman will not be there to turn back on.

Certainly the ATA and the Navy ATF, the advanced aircraft that will eventually replace the Grumman A-6 and the Grumman F-14 are coming, there is no question about it, but our problem is to have a smooth transition from the existing aircraft to the next generation aircraft. We understand that. But it is poor public policy to terminate the three major aircraft that are most effective in the Navy in exchange for the hope that the ATA and the Navy ATF will come in on time. These are unproven designs, and we are not sure of their affordability.

The Armed Services Committee has acted. We put back funding for the F-14. It is in the bill that we will be addressing here in the full House this week.

I offer a challenge to all my colleagues, as I offered it recently to Mr. Cheney. These numbers are real. If they are wrong, please correct me. If they are right, please join me and support Naval aviation and let us keep the F-14's in the budget.

Mr. DYSON. Mr. Chairman, I yield such time as he may consume to the gentleman from South Carolina [Mr. SPRATT].

Mr. SPRATT. Mr. Chairman, the Defense authorization bill, which we take up today, allocates $9.387 billion to the Department of Energy. This is the same amount the President requested, but it is not authorized to be spent exactly as he requested.

First of all, we cut $75 million, which the President sought to start construction of the special isotope separator at INEL, and we prohibited any money at all from being spent next year on construction of this plant to purify plutonium. Instead, we funded research and development in the amount requested, and we directed the Department of Energy to complete the final round of experiments at Lawrence Livermore Laboratory, using their SIS prototype. These experiments will tell whether the SIS can use lasers efficiently to purify fuel-grade plutonium into weapons-grade plutonium, or Pu 239. We thought it was only prudent to see what these experiments

showed before pushing ahead with construction; and we thought too that it would be wise to wait a year, and let the START negotiations unfold, before deciding whether we need to build a plant and new process for making weapons-grade plutonium.

We took $35 million of the $75 denied for SIS and added it to the account for Defense waste and environmental restoration. Tomorrow, after the votes on SDI have been taken, I will offer an amendment to add $300 million more for Defense waste and environmental restoration.

Mr. Chairman, when President Reagan put together his budget, he added $128 million for Defense waste and environmental restoration. His addition increased the total for this account to $1.145 billion.

At the first of this year, however, the DOE published its 2010 report. The 2010 report was a report called for by Congress; and in a year when the Secretary of Defense has criticized the number of reports Congress asks for, and questioned their utility, it should be noted that the 2010 report was of unquestionable value. It caused the Department to look 20 years into the future, and calculate the cost of cleaning up toxic and radioactive wastes accumulated over the last 45 years, plus the cost of replacing or refurbishing its aging reactors and other depreciated plant and equipment. The DOE estimated that in 1990 constant dollars, it would need $52 billion over the next 20 years for modernization and $29 billion for cleaning up the waste and environment around its existing plants. The General Accounting Office has analyzed this estimate, and found it on the low end of what is likely to be needed. GAO thinks billions more may, in fact, be required. In the face of this 2010 study, the Bush administration added $156 million to Defense waste and environmental restoration.

Unfortunately, even this $156 million addition is not enough. Basically, what the Bush administration proposes is to start the environmental effort in earnest in about 1995 or 1996. There is a risk in that strategy: At about that time, the new production reactors will be well underway, and the mounting cost of modernization could crowd out clean-out in the future, as it has in the past. So, what we will propose in our amendment tomorrow is to step up, and step up substantially, the environmental and waste cleanup effort, increasing it by $335 million to $1.636 billion, which is about 60 percent over this year, and about 100 percent over fiscal year 1988.

Let me close, Mr. Chairman, by assuring the House that although we propose to increase the cleanup accounts substantially, we do not propose to "throw money at the problem." In the committee's report accompanying this bill is an illustrative list of 18 cleanup and waste operations programs, which the Department of Energy compiled and provided. All of these are well warranted—programs the Department can carry out if we make the funds available. Indeed, on June 27, Secretary Watkins in his press conference acknowledged and effectively endorsed our efforts to add this $335 million supplement to Defense waste and environmental restoration.

The CHAIRMAN pro tempore (Mr. DURBIN). The gentleman from Alabama [Mr. DICKINSON] has 6 minutes remaining, and the gentleman from Maryland [Mr. DYSON] has 5 minutes remaining.

Mr. DICKINSON. Mr. Chairman, I yield 2 minutes to one of the most effective members of our committee, the gentleman from Rhode Island [Mr. MACHTLEY].

Mr. MACHTLEY. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, today and for the next several days we will be discussing expensive weapons systems, B-2's, Midgetman, the MX, and SDI, but I believe that the military is more than weapons systems; it is the people who serve in the military.

This year the Personnel Subcommittee has made remarkable strides in housing, medical, human services, and education, and this is a credit to the leadership of that subcommittee, chaired by the distinguished gentlewoman from Maryland [Mrs. BYRON], and including the ranking minority member, the gentleman from Virginia [Mr. BATEMAN].

The professional Military Educational Panel chaired by the distinguished gentleman from Missouri [Mr. SKELTON] has brought us revolutionary thinking in education theory for our military officers. This also will provide our officers the ability to discuss joint strategy. It will give the generals and the admirals of tomorrow the opportunity to understand the advantages and disadvantages of the other services, and it will introduce more civilians into our teaching senior schools.

So as we discuss and debate the military weapons systems, lelt us never lose sight of the fact that the backbone of the military is the men and women who serve on our ships and who fly our planes and drive our tanks, both here and abroad.

Mr. DYSON. Mr. Chairman, we wish to reserve our remaining 5 minutes for the gentleman from Missouri [Mr. SKELTON].

Mr. DICKINSON. Mr. Speaker, I yield the balance of our time on this side, 4 minutes, to the very distinguished gentleman from Connecticut [Mr. ROWLAND].

Mr. ROWLAND of Connecticut. Mr. Chairman, first I would like to express my appreciation to the ranking minority member, the gentleman from Alabama [Mr. DICKINSON], for his keen leadership this year.

The entire debate today and the debate throughout the rest of the week may have been different had we been successful in passing the Cheney budget. On a tie vote, we lost the Cheney budget in committee.

I would also like to thank and applaud the chairman of the full committee, as well as the entire staff, for a job well done.

In the final analysis, President Bush and Secretary Cheney made many tough choices. They cut defense spending by $10 billion, they cut programs, they canceled programs, and they reduced the rate of increase in the defense budget from 2 percent real growth to below a level of no real growth at all.

Before I proceed further, I would like to commend Mr. Cheney, one of our former colleagues, who has done an outstanding and superb job in presenting the defense budget.

Mr. Chairman, this is my third year as a member of the Committee on Armed Services. One thing I have learned relates to a story that former Secretary Russell Long of Louisiana used to tell in the Senate Finance Committee. It went like this: "Don't tax you, don't tax me, tax the guy behind the tree."

How easily this can be adapted to the defense bill. By and large, Members want defense spending reduced, but when specific programs are targeted, resistance suddenly crops up, largely for local parochial reasons.

Yes, I like the F-14, and yes, I like the V-22. The problem is that we cannot afford every single program that we want. The bottom line is that the committee had the opportunity to hold the line on defense spending by canceling a number of programs. What they did instead was the worst possible alternative. We added a minimum amount of dollars to keep these programs barely going into the year 1990. What this actually does is shove off the funding problems into the next year and later years.

Given the reality of flat budgets for the forseeable future, we need to make some tough choices here on the floor of the House.

For too long, it seems as if our procurement process has been guided by the "Noah's Ark" theory. That is, when we are in doubt, we buy two of everything. We buy two land-based missile systems, and we buy two bombers. So my question is quite simple. Why do we do it, and how do we do it?

How on Earth are we going to fund the B-1 and the B-2? How are we going to fund the MX, the Midgetman, SDI, the F-14, AHIP, the V-22, and on and on?

This week we can carry on business as usual or we can begin to make tough choices. For starters, I suggest that we can fund just the MX missile and not the Midgetman, and I also suggest that we continue with the B-1 bomber, that we put the fix in this year and not proceed with the B-2. There is an amendment that will be offered by the gentleman from Ohio [Mr. KASICH], along with the gentle-

man from California [Mr. DELLUMS] and myself, that does just that.

What we are basically saying to the full House and to the committee is quite simple. We will conclude all of our testing on the B-2 in 1993.

□ 1840

Mr. Chairman, we then should make a decision whether to continue to procure 132 B-2 bombers. Under the present system, by 1993, when the testing is completed, we will have spent $40 billion, and we will have procured 44 B-2 bombers. If we need to just finish the testing and the developmental phases by 1993, why build 43 bombers?

Our proposal simply states, "Let's continue with the procurement and research and development. Let's have 13 bombers which we can test and develop."

To end business as usual, I also believe we need to support the amendment of the gentleman from Alabama [Mr. DICKINSON] in regard to the procurement issues. The gentleman from Alabama [Mr. DICKINSON] will seek to bring the procurement part of the DOD bill back in line with the original Cheney proposal.

Again the F-14 and V-22 are good programs, but we cannot afford them.

As we begin the debate on the 1990 Defense authorization bill, there are many aspects that deserve support. To name one, we have a good pay raise for our enlisted personnel. As the Members know, we need to do everything we can to encourage young men and women to join the military. Adequate compensation is a main consideration of this. We have a 3.6-percent pay raise in the bill that should be looked at as an absolute minimum. In that regard, I stand opposed to the amendment of the gentleman from Minnesota [Mr. FRENZEL]. The Secretary of Defense clearly has the executive privilege and the authority to make the pay raise adjustment. Passage of the Frenzel amendment not only violates this authority, but raises some grave concerns about legislative versus executive authority, and passage of the Frenzel amendment will result in severe cutbacks to the quality of life of our service men and women and their families and a possible elimination of positions. It is a sure way to restore service morale and the quality of life for our service men and women.

Mr. DYSON. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Chairman, I rise in support of the Stenholm-Stangeland-Valentine amendment to H.R. 2461. This amendment would provide significant reforms to the Davis-Bacon Act of 1931. Although Davis-Bacon was well-intentioned, over the years it has come to operate in a counterproductive way. My amendment will restore Davis-Bacon closer to its original intent and give Congress some $3.55 billion in budget authority, $2.4 billion in outlays, to reprogram in more effective ways over the next 5 years.

My amendment is the same as H.R. 2259, which has been cosponsored by 105 Members. It raises the Davis-Bacon threshold (below which contracts are exempted) to $250,000, allows the expanded use of semiskilled helpers, reduces paperwork, protects against splitting of contracts with intent to subvert the act, and includes codifying and technical provisions.

Opponents will characterize our amendment as "backdoor repeal." Nothing could be further from the truth. A $250,000 threshold exempts only 7 percent of the dollar volume of currently covered contracts. Unless you believe a $5,000 contract for a carport is the equivalent of a $10 million highway repair contract, dollar volume is the best measure of the amount of work done.

Representative STANGELAND sought to offer an amendment with a $1, million threshold and stronger market-oriented definition of prevailing wages. Representative DELAY sought to offer an amendment allowing exemptions for military family housing and quality of life construction. Both were denied.

Our amendment is the compromise.

Probably a third of the Members of this House would rather vote to repeal Davis-Bacon. The General Accounting Office, Grace Commission, National Association of Minority Contractors, New York Times, and many others have urged repeal. Our cost-savings, according to CBO, amount to only a little over half of what repeal would save. Because Congressional intent is longstanding to protect prevailing wages, our amendment does that—but strikes a moderate balance that updates Davis-Bacon for the 1990's.

I ask my colleagues to be aware that the amendment to be offered by Representative MURPHY is not a compromise. The respected chairman of the Labor Standards Subcommittee is offering an amendment deserving of a vote in this House. But know that the Murphy amendment takes what is the Davis-Bacon status quo and simply gives us more of it.

The Murphy amendment may look to some like watered-down reform, with a $50,000 threshold on new construction and $15,000 on repair contracts. However, related provisions totally undermine the threshold changes. Other provisions expand the coverage of the act to leases, off-site suppliers, independent contractors, fabricators, and privately financed projects only tenuously related to Federal grants for nonconstruction purposes. Brand new, private rights of action would send potentially thousands of contract disputes into the Federal courts every year.

Moreover, keep in mind that the Murphy amendment is being offered as a substitute to our amendment. That means the House will have no opportunity to vote on real reform if the Murphy amendment passes first.

I urge my colleagues to vote for economy, efficiency, and job opportunity for those most in need. On Thursday, vote for the Stenholm-Stangeland-Valentine reform amendment and against the Murphy expansion amendment.

Mr. DYSON. Mr. Chairman, to wrap up the debate on this side, I yield 5 minutes to the gentleman from Missouri [Mr. SKELTON].

Mr. SKELTON. Mr. Chairman, I take this opportunity to commend the chairman of the Committee on Armed Services, the gentleman from Wisconsin [Mr. ASPIN], for his leaderhsip in putting this bill through the committee and bringing it to the floor. It has been a difficult task at best, and I compliment him on his leadership and the work that he has done, and a special thanks, too, to the ranking member, the gentleman from Alabama [Mr. DICKINSON], for his work and cooperation through those days.

Mr. Chairman, when the new Secretary of Defense took over, he sent over his own budget with a set of priorities, and, Mr. Chairman, I voted for that set of priorities because that is the first time in at least 8 years, probably more, that a secretary has prioritized important systems, whether we like them or not, and I think he is more on track than off track, and I support him, and he is to be commended for doing that.

Mr. Chairman, this is an uncertain world in which we live. I will speak for a few moments on an issue that will be the policy star of the debate in this coming week. This issue is that of the new Stealth B-2 bomber.

I, of course, have an amendment involving this issue, and I have been a strong support of its continuation. As a matter of fact, the committee funded some $3.9 billion for its continuation.

Let me for just a moment set the stage as to where the B-2 issue is. The Secretary of Defense and the President sent over a request for a total of $4.7 billion for the B-2, $2 billion for research and development, 2.7 billion for procurement. The Committee on Armed Services cut that down to $1.7 and $2.2 billion, respectively for a total of $3.9 billion with some restrictive-type language on meeting certain testing milestones.

Mr. Chairman, I have an amendment that is very similar to the Committee on Armed Services amendment, but it has some additional performance matrix language that requires the secretary to send to Congress the unclassified test results. People should know, America should know, Members of Congress should know how this is doing regarding these tests as it goes along. There are two amendments. They are the Synar amendment, which cuts and requires another vote at a later time, as I understand it, and the Kasich-Dellums-Rowland amendment in essence terminates the program.

Mr. Chairman, I speak in favor of my amendment, the Skelton amendment, as a reasonable one, and I think it is a strong one that will lead us to a

good position coming to the conference with the Senate.

Mr. Chairman, what leads me to conclude that the B-2 bomber would be a good investment for the security of our Nation is that a very good case can be made for reasons of technology, for arms control and for structure. The technical argument is the most profound one, much the way the advent of a submarine in the early part of this century fundamentally transformed warfare at sea, the advent of the Stealth bomber will transform air combat. Ships visible on the water surface became invisible under the water as submarines. As a matter of fact, just a handful of German submarines in the early years of the Second World War almost won the fight against Britain. It was not until 1943 that the Battle of the Atlantic was finally won. Vast resources had to be devoted to that fight both in men, and ships, and aircraft and new tactics to defend the convoys that were literally the lifeline for Great Britain's survival.

Mr. Chairman, in the last 20th century we have now entered the era of invisible aircraft, those that cannot be tracked by radar. Partial exploitation of Stealth technology was found in the SR-71 Blackbird surveillance aircraft, and some, and of course in the B-1B bomber. Further development of the technology occurred with the F-117 fighter and the advanced cruise missile.

Mr. Chairman, I take just a moment to thank the gentleman from Rhode Island for his very kind comments about the work that we did on the education panel report. I welcome him as the ranking member on our panel, and I look forward to working with him and making good things come to pass regarding the education of our military.

Mr. BRENNAN. Mr. Chairman, I rise today as a member of the Armed Services Committee to make some general observations about H.R. 2461, the National Defense Authorization Act for fiscal year 1990. The committee worked over the past 5 months and held in excess of 100 hearings on various defense issues. The process was delayed somewhat by President Bush submitting his revised defense budget in late April. During the Committee's two markups in June, the bill was refined and improved. This is not to say this measure cannot be further improved here on the floor of the House, and I am hopeful some additional changes will be made to further craft a more acceptable Defense bill.

It is important to focus on the total budget allocation for Defense which has been established at $305.3 billion in budget authority. While there is some concern that this figure again reflects a negative growth in defense spending for what is now 5 consecutive years. We must also be mindful of the tremendous increases in the previous 5 years. That debate cannot be settled here today, however, we must be cognizant of some very real and ominous budget figures facing our Nation next year. We are facing the theat imposed under Gramm-Rudman, by which Government spending will need to be reduced by more than 10 percent to reach the $64 billion deficit target for fiscal year 1991. If we are serious about meeting our budgetary obligations, the Defense budget must reflect both the world threat posed by potential adversaries and the harsh fiscal realities our Nation faces. We cannot continue to spend enormous sums of money on weapons systems which have questionable utility or could prove more likely to provoke a continuation of senseless arms escalation. With this threatening budget target facing us, I urge my colleagues to think twice about some of the amendments being offered to this bill and make some tough choices about which programs we can or cannot afford.

One program which will receive early attention from this body is star wars. We have been given the opportunity to select from four budget levels to fund this dubious system. I would urge my colleagues to support the level proposed by Congressman DELLUMS. The $1.3 billion amount is sufficient for a program which was intended to be basic research and not some crash program pushing for early deployment. When President Reagan first announced his grand designs for star wars in March 1983, the system was sold as an astrodome to protect the American people from a nuclear assault. Many Americans found this new proposal interesting and worth looking into for feasibility. However, we now learn that original concept is no longer valid. The premise behind today's star wars is to protect our nuclear weapons and not protection of our citizens.

We also face the certainty of violating the 1972 ABM Treaty by continued testing and future deployment of the star wars system. At a time when our Nation is embarking on a vigorous course for arms control, does it really make sense to abrogate a worthwhile treaty already in existence? To stay abreast of the technology I support funding some research into star wars and therefore will urge my colleagues to support Congressman DELLUM'S amendment. Because the likely response to our deploying some star wars system will be many more ICBM's built by the Soviets, we will only see a more threatening world with further expenditures on nuclear warheads.

Another important area of the bill will center on the continuing controversy involving our ICBM forces. For nearly 30 years our ICBM forces have in fixed silos. Today, we have pursued a basing scheme which is unlikely to buy any real security for our forces and that is the rail mobile MX system. For the plan to succeed, the trains must be dispersed from the bases in sufficient time to avoid an incoming attack. What we do not have, is any assurance from our potential adversary about when or if a warning of massive ICBM attack will occur. Therefore, the vast sums we are asked to spend on rail mobile MX is not necessarily prudent spending. Given the hazards of allowing these garrisons to transverse rail lines near communities where our citizens live and work, shouldn't we decide against this basing scheme and save some valuable defense resources?

A critical decision must be made involving one of our most expensive weapons systems ever devised, the B-2 Stealth bomber. It has been proposed that $70 billion be spent to procure 132 aircarft, which is roughly $530 million per plane. For over 10 years this program was under the special access area of the Defense budget and only until this year did most Members of this body learn the true costs associated with this program and what the specific characteristics and mission of the plane were to be.

I questioned the Air Force Chief of Staff, General Welch, in a committee hearing 2 weeks ago about the plane's mission. General Welch responded to my inquiry that the plane would likely reach its target long after nuclear annihilation has occurred in both countries in the affirmative. Therefore, we do not need to strengthen our air breathing leg of the triad while we have sufficient assets in our new B-1 bomber, or our existing FB-111's and B-52's. Our manned and recallable bomber force is capable with some penetration capabilities and necessary stand-off cruise missiles to address the mission assigned to the B-2. We do not need the B-2 and substantial savings can occur through the adoption of Congressman KASICH's amendment.

There has been discussion framed around restructuring the B-2 program to help bring the costs in line. Unless the prime contractor of the aircraft sees fit to reduce the programs costs, there will not be any program restructuring that will result in cost savings to our constituents. The only thing delay will bring will be a higher per plane cost and the likelihood of reducing the planned 132 aircraft buy. So I say let us do now what we will eventually do—terminate the procurement funds for the B-2 and cease an expensive and unnecessary aircraft.

I cannot allow the opportunity to briefly discuss the proposed Cheney budget to pass. It has been characterized in some quarters as the "Good Government" Defense budget plan. I respectively disagree with that assertion for a number of reasons. Yes, we need to terminate certain defense programs and Secretary Cheney made some decisions. The Armed Services Committee disagreed with his recommendations and brought forth a bill which meets this years budget targets. Yes, the outyear spending will need to be trimmed and as I pointed out earlier in my remarks further cuts will be necessary to meet Gramm-Rudman targets, however, it is the prerogative of this body to assert its collective judgment as to how the defense spending of our Nation is to be crafted.

Two programs terminated in the Cheney budget have had funding restored and I support those programs—the F-14 Tomcat fighter for the Navy and the V-22 Osprey for the Marine Corps. We must make decisions on which programs will need reductions in future years if we are to support these new programs. I believe we can find the necessary cost savings and insure our defense requirements are met.

If we are to maintain our existing carrier battlegroups, the backbone of our naval defense planning, we must insure there are sufficient aircraft to protect our forces. The work-

horse for naval aviation is the F-14. The replacement for this fighter is the new Navy advanced tactical fighter [N-ATF]. However, if past lessons can teach us anything, we can expect the N-ATF to be delayed and not meet existing delivery schedules. Therefore, I urge continued purchases of the F-14 to maintain needed naval fighter aircraft until the N-ATF is delivered.

I am very pleased that the Committee has recommended the procurement of 5 DDG-51 Arleigh Burke Aegis destroyers. This program is the No. 1 shipbuilding priority of the Navy and we are facing a severe shortage of antiair warfare [AAW] capable ships. Today, we are only at 64 percent of needed AAW capacity and the number will shrink to 50 percent with the expected retirements of the Adams and Farragut class destroyers. These vessels with over 30 years of useful service life are ready for retirement and need to be replaced. Only by maintaining the scheduled procurement rate of these important DDG-51's can we seriously address the AAW shortfall.

The amendment process will begin tomorrow and I am hopeful an improved version of the Defense bill can result. If we choose our Defense program priorities carefully, we can meet our national security obligations and address the budget shortages confronting our Nation. I urge my colleagues to carefully review the various amendments and seek to join me in refining and enhancing this Defense measure.

Mr. GREEN. Mr. Chairman, as we begin the consideration of this year's defense authorization bill, I think it is important to ask ourselves what our priorities are with respect to arms control and disarmament. As one who has actively participated in past debates on this subject in this House, I suggest that our agenda should be as follows:

REDUCTION OF CONVENTIONAL ARMS

The massive American nuclear buildup began in the Eisenhower years as a response to the massive conventional forces being maintained in Eastern Europe by the U.S.S.R. and its East bloc allies. The low cost of nuclear as opposed to conventional forces and the unwillingness of the United States to establish an ongoing peacetime draft made the nuclear buildup an attractive policy. If we are to move away from this "more bang for the buck" approach, as it was called, then reduction of conventional arms is critical. In this area, I believe the Soviets have clearly been the laggard. However, the economic problems facing the Soviet Union appear to be forcing the Soviets to take a new look at this issue.

Two additional observations should be made:

What is at issue is not just numbers of weapons but their nature and deployment. Reducing the forces in the European theater in such a fashion that they have less offensive potential is a critical element—that is, tanks portend an offense and thus destabilize the situation; anti-tank weapons stabilize it.

The current size of U.S. deployment in Europe reflects an era when the gross national product of NATO's European members was much smaller in relationship to that of the United States and the U.S.S.R. than it is today. Any conventional force reduction in Europe should involve acceptance by our NATO partners that it is appropriate for the United States to reduce its proportional share of the remaining NATO defense burden.

OTHER INITIATIVES

While I believe that an agreement on conventional arms is critical to a major reduction in the burden of defense expenditures that the United States and the U.S.S.R. bear, I believe that other arms control efforts can also usefully be pursued at this time:

Nuclear weapons testing moratorium: I have always felt that the biggest threat of nuclear catastrophe comes not from problems between the Soviets and us, but because of the "*n*-country" problem, the problem that a Libya or some country of that sort is going to develop nuclear weapons. Progress toward a comprehensive test ban has always been regarded by the nonnuclear weapons states to be an absolute minimum condition for superpower compliance with Article 6 of the Non-Proliferation Treaty, which encourages weapons states to agree to negotiate good faith reductions of nuclear arsenals. If the Soviets and we will not comply with Article 6, we cannot expect the nonnuclear powers to comply with the other parts of the Non-Proliferation Treaty.

During consideration of last year's defense authorization bill, Congress enacted the Nuclear Test Ban Readiness Program within the Department of Energy to "assure that the United States is in a position to maintain the reliability, safety, and continued deterrent effect of its stockpile of existing nuclear weapons designs in the event that a low threshold or comprehensive test ban is negotiated and ratified within the framework agreed to by the United States and the Soviet Union." This year I encourage my colleagues to build upon that program by supporting an amendment to require the Department of Energy to prepare a 5-year plan which will provide Congress with a year-by-year description of the costs and milestones for fully preparing the U.S. nuclear weapons stockpile for future nuclear testing restrictions by 1995.

Plutonium production: During this Congress, more than 170 Members of the House have cosponsored the International Plutonium Control Act, a bill which urges the President to negotiate a mutual and verifiable ban with the Soviet Union on the United States-Soviet production of plutonium and highly enriched uranium for nuclear weapons. Soviet President Gorbachev is clearly interested in negotiating such a ban, and President Bush needs to seize the opportunity.

The International Plutonium Control Act amendment seeks to eliminate the asymmetry in nuclear materials production capabilities which currently favors the Soviet Union. The fact of the matter is that the United States has not produced highly enriched uranium for weapons since 1964. That same year, then-President Johnson decided to cut back on weapons-grade plutonium production and 10 U.S. production reactors were shut down. Our country has produced small amounts of weapons-grade plutonium over the last two decades, although in the last year all of our reactors have been shut down. We have a massive stockpile of roughly 100,000 kilograms of weapon-grade plutonium, which has a half-life of more than 20,000 years. The Soviet's stockpile of weapons-grade plutonium is a little more than ours. And in 10 or more plants, the Soviets continue to produce.

An agreement such as this would free up significant funds which can be used to clean up the extensive contamination caused by past production of nuclear warheads. Estimates are that such an agreement could save our country more than $10 billion over the next 20 years.

A superpower agreement to cut off the production of fissile materials for nuclear weapons is also in the interests of nonproliferation. Because the superpowers would be accepting some of the same standards as nonweapons nations who are party to the Non-Proliferation Treaty, such a ban would strengthen the NPT by making it less discriminating. Such an agreement puts additional political pressure on nations such as Pakistan and India to put their facilities which can produce nuclear explosive materials under international and/or bilateral inspection. Lack of such an agreement on the part of the United States and the Soviet Union can act to discourage compliance by nonweapons states with the NPT.

The United States needs to lead on this issue—to act rather than to react.

ASAT's and SDI: I have repeatedly called for immediate negotiations for a ban on weapons of any kind in space, and have urged the President to seek an immediate mutual moratorium on testing of ASAT's.

Further, I have worked in each of the last three Congresses to cut drastically the administration's request for SDI, and I have worked to assure that none of the SDI funds be used in a manner which would violate the ABM Treaty.

I am specifically concerned that most SDI weapons will invariably first be ASAT weapons and thus fail the Nitze test of not creating dangerous instability on the way to anti-missile capability. It is in both superpowers' interest to stick to an ASAT ban. Neither country can do without intelligence and communication satellites. If those systems are threatened by ASAT's, each country will spend more and more to superharden their satellite technologies. At this juncture, SDI fails the Nitze test. The Soviets clearly can create more decoys than we can detect and SDI's costly anti-missile capabilities will be wasted in their pursuit.

START: Since 1981, the United States and the Soviet Union have worked together to achieve significant mutual reductions of their strategic nuclear forces. I commend the administration for those efforts, and urge them to press ahead. While the superpowers remain far apart on a variety of issues, they have agreed on the basic shape that a START treaty will take. If we achieve a conventional force balance in Europe, then the vulnerabilities of a START agreement will be easier to address.

Mr. VENTO. Mr. Chairman, as we consider H.R. 2461, the Defense authorization bill, we will be making important judgments about how best to promote and protect our national security interests around the world. We will also be pursuing important judgments about whether or not we will be fiscally responsible in discharging that duty.

Last week, after much fanfare, the B-2 Stealth bomber made its first flight over the

Mojave Desert in California. This new aircraft boasts yet to be demonstrated ability to fly at low levels and avoid radar detection in delivering nuclear payloads deep within a target nation's territory. The basic price tag attached to this new aircraft is nearly $600 million per plane, easily making it the most expensive aircraft ever built and the price tag will undoubtedly go higher in future years as so often happens with other military aircraft such as the B-1B which has risen in cost already by at least 30 percent. The Air Force and the Bush administration hope that the Congress will eventually approve the procurement of 132 of these planes over the life of the B-2 program. Already, $23 billion has been expended on research and development. For fiscal year 1990, the administration is seeking an authorization of $2.8 billion to acquire three additional B-2 aircraft.

The Air Force and the administration, because of the nature of the B-2 program, are seeking these funds even before this new aircraft has been thoroughly tested. It is common in the development of any new aircraft, and especially with the development of a highly specialized aircraft of a radical new design such as the B-2, to undergo extensive design modifications based upon the findings of many hours of in-flight tests. Computer simulations simply cannot duplicate all of the conditions which our pilots may encounter in flight with this aircraft. You wouldn't buy a new $15,000 car without taking it out for a test drive. Yet the American taxpayer is being asked to pay yet billions of dollars more up front for a totally new aircraft that hasn't yet been thoroughly flight tested. It's a ludicrous, flawed decisionmaking process. There is not and shouldn't be a substitute for proceeding with an aggressive and extensive flight testing program before deciding whether or not Congress should commit additional enormous sums of money for the purchase of this aircraft.

Some have suggested that because of the undisclosed secret enormous capital investment which has already been made in the B-2 program that Congress has no choice but to proceed full-throttle. I would hope that Congress not abandon its prerogative to review and reconsider expenditures for weapons systems which have not been fully tested and which must be evaluated against the backdrop of an ever-changing strategic equation. Indeed, in the age of air, land, and sea-based nuclear missiles, one might even legitimately question the need for building a bomber that can penetrate traditional air defenses. It is worth noting, too, that the Pentagon is in the process of spending $28 billion to acquire 100 B-1B bombers which are supposedly capable of penetrating Soviet airspace.

The fact is that the decision to build the B-2 is based on current air defense capability, not that which may be developed, and the current treaty methodology utilized in counting weapon systems and warheads. Either or both of these factors could change and the U.S. defense system would be saddled with a $70 billion plus obsolete system. We can't afford this type of defense policy or decisionmaking.

Mr. Chairman, I am also troubled that President Bush and the Joint Chiefs of Staff have suggested that they might oppose any new strategic arms control agreements with the Soviet Union unless Congress approves the administration's proposals for the B-2. It seems to me that it would be appropriate for the President and the Joint Chiefs to assess the specific proposals which might someday be on the negotiating table before prejudging them and deciding that they are unacceptable. This type of hyperbole concerning congressional decision making is inappropriate and not helpful in developing a sound national defense policy.

For these reasons, I intend to support the Dellums-Kasich-Rowland amendment to limit B-2 procurement to the 13 aircraft for which funding has previously been approved. Alternatively, I will also support the Aspin-Synar amendment to cut at least $470 million from the bill's authorization for the B-2. This amendment would also require the Defense Department to restructure the stealth program and meet certain test and performance requirements before any additional aircraft are purchased.

U.S. policy concerning the strategic defense initiative [SDI], should consider the improving climate in United States-Soviet relations, the remaining technical obstacles in this program, and the severe budget constraints which we must face, and the constant change of deployment and utilization of the SDI program means that there is simply no justification for continuing SDI and providing the administration massive funding for SDI. I support the Dellums-Boxer amendment to limit SDI funding to $1.3 billion for research only. Alternatively, I will support the Bennett-Ridge amendment to reduce SDI funding by at least $700 million from the committee-approved level.

Mr. Chairman, the MX missile has been the subject of frequent consideration during recent annual debates on the Defense authorization bill. Several years ago, when Congress voted to proceed with development of the MX missile, Congress imposed a binding legislative cap of no more than 50 MX missiles. At that time, the MX missile was expected to be based in Minuteman silos. The Bush administration, however, is reconsidering the most appropriate basing mode for this missile. The previously approved cap, however, extends only to those missiles based in silos. I support the Mavroules amendment which applies the 50-missile cap to all basing modes, including any new rail-garrison basing mode. Reconsideration by the administration of a basing mode for the MX missile should not be used as a loophole for exceeding the congressional administration agreement previously enacted and intended to limit MX production to 50 missiles. While I had reservations concerning the MX development and deployment, the votes of Congress should uphold the basic structure of the agreement that they intend to offer.

Finally, Mr. Chairman, I want to commend Mr. BROWN of California and Mr. COUGHLIN of Pennsylvania for their thoughtful amendment addressing the issue of antisatellite weapons [ASAT]. The Brown-Coughlin amendment expresses the sense of Congress in supporting the President's request to the Soviet Union to dismantle its ground-based ASAT weapons. The amendment also calls upon the President to seek a treaty with the Soviet Union at the earliest opportunity to strictly limit ASAT weapons, including the right of on-site inspections. The Brown-Coughlin amendment recognizes the destabilizing and dangerous nature of ASAT weapons and seeks an effective means of controlling them in the future, and should receive a strong endorsement and vote of this House.

Mr. ASPIN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. SPRATT) having assumed the chair, Mr. DURBIN, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2461) to authorize appropriations for fiscal years 1990 and 1991 for military functions of the Department of Defense and to prescribe military personnel levels for such Department for fiscal years 1990 and 1991, and for other purposes, had come to no resolution thereon.

PERMISSION TO MODIFY SKELTON AMENDMENT PRINTED IN PART 1 OF HOUSE REPORT 101-168 ON H.R. 2461, NATIONAL DEFENSE AUTHORIZATION ACT, FISCAL YEAR 1990

Mr. SKELTON. Mr. Speaker, I ask unanimous consent that during consideration of the bill, H.R. 2461, pursuant to House Resolution 211 I may be permitted to offer the amendment numbered 12 in part 1 of House Report 101-168 in the modified form that I have placed at the desk.

The text of the amendment as modified is as follows:

Strike out "sections 111 and 112" in the paragraph at the beginning of the amendment and all that follows and insert in lieu thereof the following:

section 111 (page 20, line 9 through page 22, line 23) and insert in lieu thereof the following:

SEC. 111. LIMITATION ON PRODUCTION OF B-2 ADVANCED TECHNOLOGY BOMBER AIRCRAFT PROGRAM.

(a) REQUIRED INFORMATION.—Funds appropriated to the Department of Defense for fiscal year 1990 may not be obligaterd or expended for procurement (including advance procurement) for production aircraft under the B-2 Advanced Technology Bomber aircraft program until the certification referred to in subsection (b) and the report required by subsection (c) have been submitted to the congressional defense committees.

(b) CERTIFICATION.—The certification referred to in subsection (a) is a certification in writing by the Secretary of Defense to the congressional defense committees of the following:

(1) That the performance milestones (including initial flight testing) for the B-2 aircraft for fiscal year 1990 (as contained in the B-2 full performance matrix program established under section 121 of Public Law 100-180 and section 232 of Public Law 100-456) have been met and that any proposed waiver or modification to the B-2 performance matrix will be provided in writing in

advance to the congressional defense committees.

(2) That the cost reduction initiatives established for the B-2 program will be achieved (such certification to be submitted together with details of the savings to be realized).

(3) That the quality assurance practices and fiscal management controls of the prime contractor and major subcontractors associated with the B-2 program meet or exceed accepted United States Government standards.

(c) REPORT ON COST, SCHEDULE, AND CAPABILITY.—The Secretary of Defense shall submit to the congressional defense committees a report providing the following:

(1) An unclassified integrated B-2 program schedule that includes—

(A) the total cost of the B-2 program by fiscal year, including costs by fiscal year for research and development, procurement (including spares and modifications), military construction, operation and maintenance, and personnel, with all such costs to be expressed in both base year and then year dollars;

(B) the annual buy rate for the B-2 aircraft; and

(C) the flight test schedule and milestones for the B-2 program.

(2) A detailed mission statement and requirements for the B-2 aircraft, including the current and projected capability of the aircraft to conduct strategic relocatable target missions and conventional warfare operations.

(3) A detailed assessment of performance of the B-2 aircraft, together with a comparison of that performance with existing strategic penetrating bombers.

(4) A detailed assessment of the technical risks associated with the B-2 program, particularly those associated with the avionics systems and components of the aircraft.

(d) UNCLASSIFIED VERSION OF B-2 PERFORMANCE MATRIX.—The Secretary of Defense shall submit to the congressional defense committees a report containing an unclassified version of the B-2 full performance matrix program established under section 121 of Public Law 100-180 and section 232 of Public Law 100-456. Such report shall be submitted at the same time as the budget of the President for fiscal year 1991 is submitted to Congress pursuant to section 1105 of title 31, United States Code.

(e) CONGRESSIONAL DEFENSE COMMITTEES DEFINED.—For purposes of this section, the term "congressional defense committees" means the Committees on Armed Services and the Committees on Appropriations of the Senate and House of Representatives.

Mr. ASPIN. Mr. Speaker, reserving the right to object, I will take this time to explain the issue and have the gentleman from Missouri [Mr. SKELTON] help explain the issue. I will not object to this motion.

□ 1850

I think this motion and the change in the amendment which the gentleman seeks is important in order to get the vote that I think the House of Representatives is expecting when we come to the B-2 issue on Wednesday.

Mr. SKELTON. Mr. Speaker, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman from Missouri.

Mr. SKELTON. Mr. Speaker, this correction merely makes in order what we actually intended. The original amendment was placed in without certain verbiage that would cause it to replace the Aspin amendment to which it is a substitute amendment.

Mr. ASPIN. Further reserving the right to object, Mr. Speaker, the purpose of this amendment is that in order for the Skelton amendment to be truly a way of substituting the language of the gentleman's amendment for my amendment in the voting tree that comes next Wednesday, it is important that this language be made in order; otherwise, the gentleman's amendment will just be an amendment to mine and we will have the core of my amendment. I think when most people are voting for the Skelton amendment, they are expecting to vote to substitute in effect the Skelton language for mine, and in order to do that we need this amendment.

Mr. DICKINSON. Mr. Speaker, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Speaker, I thank the gentleman for yielding to me.

This has been discussed with me on this side. I understand it to be as the gentleman from Wisconsin has described it, and I have no objection.

Mr. ASPIN. Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. WALKER) to revise and extend their remarks and include extraneous material:)

Mr. GINGRICH, for 5 minutes, today.

Mr. KYL, for 30 minutes, today.

Mr. DREIER of California, for 60 minutes, today.

Mr. IRELAND, for 10 minutes, today.

Mr. SOLOMON, for 30 minutes, today.

Mrs. MARTIN of Illinois, for 30 minutes, today.

Mr. DICKINSON, for 30 minutes, today.

(The following Members (at the request of Mr. SYNAR) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. SKELTON, for 60 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. MCCRERY, for 15 minutes, today.

(The following Member (at the request of Mr. MARTIN of New York) to revise and extend their remarks and include extraneous material:)

Mr. WELDON, for 5 minutes, on July 26.

(The following Members (at the request of Mr. STENHOLM) to revise and extend their remarks and include extraneous material:)

Mr. MARTINEZ, for 5 minutes, today.

Mr. GAYDOS, for 60 minutes, on August 1.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. WALKER) and to include extraneous matter:)

Mr. ROHRABACHER in two instances.

Mr. FISH.

Mr. DORNAN of California in two instances.

Mr. DONALD E. "BUZ" LUKENS.

(The following Members (at the request of Mr. SYNAR) and to include extraneous matter:)

Mr. ANDERSON in 10 instances.

Mr. GONZALEZ in 10 instances.

Mr. BROWN of California in 10 instances.

Mr. ANNUNZIO in six instances.

Mrs. PATTERSON.

Mr. ROYBAL.

Mr. STARK in three instances.

(The following Members (at the request of Mr. MARTIN of New York) and to include extraneous matter:)

Mr. SMITH of New Jersey.

Mr. BROOMFIELD.

Mr. DONALD E. "BUZ" LUKENS.

Mr. RITTER.

Mr. PORTER.

Mr. DEWINE.

Mr. CONTE.

(The following Members (at the request of Mr. STENHOLM) and to include extraneous matter:)

Mr. ANDREWS.

Mr. FAZIO.

Mr. LAFALCE.

Mr. EVANS.

Mr. DONNELLY.

Mr. PEASE.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 681. An act to require the Secretary of the Treasury to mint and issue coins in commemoration of the 100th anniversary of the statehood of Idaho, Montana, North Dakota, South Dakota, Washington, and Wyoming, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

ENROLLED BILL SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 1485. An act to direct the sale of certain lands in Clark County, NV, to meet national defense and other needs; to authorize the sale of certain other lands in Clark County, NV; and for other purposes.

SENATE ENROLLED JOINT RESOLUTIONS SIGNED

The SPEAKER announced his signature to enrolled joint resolutions of the Senate of the following titles:

S.J. Res. 85. Joint resolution to designate the week of July 24 to July 30, 1989, as the "National Week of Recognition and Remembrance for Those Who Served in the Korean War".

S.J. Res. 142. Joint resolution designating the week beginning July 23, 1989, as "Lyme Disease Awareness Week".

BILL PRESENTED TO THE PRESIDENT

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee did on the following date present to the President, for his approval, a bill of the House of the following title:

On July 21, 1989:

H.R. 310. An act to remove a restriction from a parcel of land in Roanoke, VA, in order for that land to be conveyed to the State of Virginia for use as a veterans nursing home.

ADJOURNMENT

Mr. STENHOLM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 54 minutes p.m.), under its previous order, the House adjourned until Tuesday, July 25, 1989, at 9 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1497. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notification of the Defense Mapping Agency's proposed letter(s) of offer and acceptance to the United Kingdom for defense articles (Transmittal No. 89-29), pursuant to 10 U.S.C 118; to the Committee on Armed Services.

1498. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notification of the Defense Mapping Agency's proposed letter(s) of offer and acceptance [LOA] to the United Kingdom for defense articles and services (Transmittal No. 89-29), pursuant to 22 U.S.C. 2776(b); to the Committee on Foreign Affairs.

1499. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Department of the Army's proposed letter(s) of offer and acceptance [LOA] to Israel for defense articles and services (Transmittal No. 89-33), pursuant to 22 U.S.C. 2776(b); to the Committee on Foreign Affairs.

1500. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a copy of Transmittal No. 03-89, concerning a proposed memorandum of agreement [MOA] with the Governments of the Federal Republic of Germany and the United Kingdom, adding the Government of Norway to the AMRAAM/ASRAAM Program, pursuant to 22 U.S.C. 2767(f); to the Committee on Foreign Affairs.

1501. A letter from the Assistant Secretary of State for Legislative Affairs, transmitting notification of a proposed license for the export of defense articles or defense services sold commercially to the Republic of Korea (Transmittal No. MC-17-89), pursuant to 22 U.S.C. 2776(c); to the Committee on Foreign Affairs.

1502. A letter from the Assistant Secretary of State for Legislative Affairs, transmitting notification of a proposed license for the export of defense articles or defense services sold commercially to the Government of Egypt (Transmittal No. MC-19-89), pursuant to 22 U.S.C. 2776(c); to the Committee on Foreign Affairs.

1503. A letter from the Assistant Secretary of State for Legislative Affairs, transmitting copies of the original report of political contributions by Charles Warren Hostler, of California, Ambassador Extraordinary and Plenipotentiary-designate to the State of Bahrain; and for Mark Gregory Hambley, of Idaho, Ambassador Extraordinary and Plenipotentiary-designate to the State of Datar, and members of their families, pursuant to 22 U.S.C. 3944(b)(2); to the Committee on Foreign Affairs.

1504. A letter from the Deputy Assistant Secretary of Defense for Resource Management and Support, transmitting a copy the fiscal year 1988 report on the actuarial status of the military retirement system, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Operations.

1505. A letter from the Plan Administrator, Farm Credit Services, transmitting the annual report for the Eighth Farm Credit District Savings Plan for the year ending December 31, 1988, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Operations.

1506. A letter from the Trust Committee of the Farm Credit Services, transmitting the annual retirement report for the year ending December 31, 1988, the employees of the association and banks of the Ninth Farm Credit District, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HAWKINS: Committee on Education and Labor. H.R. 1661. A bill to amend title I of the Employee Retirement Income Security Act of 1974 to clarify the applicability of rules relating to fiduciary duties in relation to plan assets of terminated pension plans and to provide for an explicit exception to such rules for employer reversions meeting certain requirements; with an amendment (Rept. 101-169). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROOKS (for himself and Mr. EDWARDS of California):

H.R. 2978. A bill to amend section 700 of title 18, United States Code, to protect the physical integrity of the flag; to the Committee on the Judiciary.

By Mr. BENNETT:

H.R. 2979. A bill to amend titles 10, 14, and 37, United States Code, relating to the promotion, separation, and mandatory retirement of warrant officers of the Armed Forces, establish the grade of chief warrant officer, W-5, and for other purposes; to the Committee on Armed Services.

By Mr. ROYBAL (for himself, Mr. RANGEL, Mr. DYMALLY, and Mr. ACKERMAN):

H.R. 2980. A bill to amend title XVIII of the Social Security Act to ensure, through a U.S. health program, access for all Americans to quality health care while containing the costs of the health care system, and for other purposes; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. BERMAN (for himself, Mr. MORRISON of Connecticut, Mr. CARDIN, Mr. FRANK, Mr. EDWARDS of California, Mr. GLICKMAN, and Mr. MILLER of California):

H.R. 2981. A bill to amend title 28, United States Code, to make additional exceptions to the immunity of the property of a foreign state from attachment or execution; to the Committee on the Judiciary.

By Mr. EARLY (for himself and Mr. CALLAHAN):

H.R. 2982. A bill to amend title 18, United States Code, to provide additional protection for the flag of the United States; to the Committee on the Judiciary.

By Mr. HAMMERSCHMIDT:

H.R. 2983. A bill to name the new Department of Veterans Affairs outpatient clinic in Mount Vernon, MO, as the "Gene Taylor Veterans' Outpatient Clinic"; to the Committee on Veterans' Affairs.

By Mr. ROE (for himself, Mr. SCHEUER, Mr. BROWN of California, Mr. HALL of Texas, and Mr. MORRISON of Washington):

H.R. 2984. A bill to require the establishment of a National Global Change Research Program aimed at understanding and responding to global change, including the cumulative effects of human activity on the environment, to require the initiation of discussions toward international protocols in global change research and assessment, and for other purposes; jointly, to the Committees on Science, Space, and Technology; Foreign Affairs; and Merchant Marine and Fisheries.

By Mr. SCHUMER:

H.R. 2985 A bill to provide for special prisons as a sentencing option; to the Committee on the Judiciary.

By Mr. SIKORSKI (for himself and Mrs. MORELLA):

H.R. 2986. A bill to amend title 5, United States Code, to clarify provisions relating to the composition of any performance review board making recommendations concerning performance awards for career appointees in the Senior Executive Service; to the Committee on the Post Office and Civil Service.

By Mr. SLATTERY (for himself and Mr. GLICKMAN, Mr. WHITTAKER, Mr. ROBERTS, and Mrs. MEYERS of Kansas):

H.R. 2987. A bill to name the Department of Veterans Affairs medical center in Leavenworth, KS, as the "Dwight D. Eisenhower Department of Veterans Affairs Medical Center"; to the Committee on Veterans' Affairs.

By Mr. SMITH of New Jersey:

H.J. Res. 372. Joint resolution posthumously proclaiming Christopher Columbus to be an honorary citizen of the United States; to the Committee on the Judiciary.

By Mr. YOUNG of Alaska (for himself and Mr. RANGEL):

H.J. Res. 373. Joint resolution to designate October 22 through October 29, 1989, as "National Red Ribbon Week"; to the Committee on Post Office and Civil Service.

By Mr. WOLPE (for himself, Mr. LEACH of Iowa, Mr. RANGEL, and Mr. MILLER of Washington):

H. Con. Res. 174. Concurrent resolution expressing the sense of the Congress on multilateral sanctions against South Africa; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII,

209. The SPEAKER presented a memorial of the Legislature of the State of Alaska, relative to funds for wildlife and sport fish restoration projects; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. McDADE introduced a bill (H.R. 2988) for the relief of Lucille White, Gerald J. White, Gary White, and Sara White, which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 81: Mr. ECKART and Mr. MILLER of Washington.

H.R. 118: Mr. BUECHNER and Mr. INHOFE.

H.R. 379: Mr. TOWNS, Mr. FISH, Mr. McGRATH, Mr. ACKERMAN, Mr. MANTON, Mr. FLAKE, Mr. GARCIA, Mr. MOLINARI, and Mr. OWENS of New York.

H.R. 899: Mr. DERRICK.

H.R. 937: Mr. WHEAT, Mr. MFUME, Mr. RAY, Mr. GRAY, Mr. ROWLAND of Georgia, Mr. DIXON, Mr. FORD of Tennessee, Mr. RANGEL, Mr. HOYER, and Mr. PALLONE.

H.R. 939: Mr. TRAFICANT.

H.R. 956: Mr. HANCOCK.

H.R. 1059: Mr. McMILLEN of Maryland.

H.R. 1095: Mr. GINGRICH, Mr. HERTEL, and Mr. VANDER JAGT.

H.R. 1131: Mr. CHANDLER.

H.R. 1134: Mr. SANGMEISTER.

H.R. 1150: Mr. DERRICK.

H.R. 1159: Mr. BROWN of California.

H.R. 1193: Mr. CHAPMAN and Mr. DeFAZIO.

H.R. 1292: Mr. WALSH, Mr. HEFNER, and Mr. ECKART.

H.R. 1317: Mr. GALLO.

H.R. 1356: Mr. SWIFT.

H.R. 1371: Mr. DOWNEY and Mr. SMITH of Texas.

H.R. 1451: Mr. HYDE.

H.R. 1574: Mr. PACKARD and Mr. PEASE.

H.R. 1710: Mr. JACOBS, Mr. NEAL of North Carolina, Mrs. JOHNSON of Connecticut, and Mr. SPENCE.

H.R. 1730: Mr. MAVROULES and Mr. McDADE.

H.R. 2023: Mr. FAZIO and Mr. BALLENGER.

H.R. 2076: Mr. OWENS of New York, Mr. WAXMAN, Mr. SIKORSKI, Mr. EVANS, and Mr. GILMAN.

H.R. 2121: Mr. ARMEY, Mr. JONES of Georgia, Mr. BAKER, Mr. KOSTMAYER, Mr. VALENTINE, and Mr. BUSTAMANTE.

H.R. 2192: Ms. SNOWE.

H.R. 2222: Mr. JOHNSTON of Florida.

H.R. 2265: Mr. TORRES, Mr. ACKERMAN, and Ms. PELOSI.

H.R. 2270: Mr. DYMALLY, Mr. BATES, Mr. RAHALL, Mr. JONTZ, Mr. FAUNTROY, Mr. HERTEL, Mr. HAWKINS, Mr. MORRISON of Connecticut, Mr. FAZIO, Mr. ROBINSON, Mr. DE LUGO, Mr. SCHEUER, and Mr. SMITH of Florida.

H.R. 2336: Mr. THOMAS of California, Mr. McDADE, Mr. GOODLING, Mr. YATRON, Mr. MURPHY, Mr. CLINGER, Mr. MORRISON of Washington, and Mr. ATKINS.

H.R. 2403: Mr. DURBIN, Mr. SAVAGE, Mr. JONES of North Carolina, and Mr. SPRATT.

H.R. 2445: Mr. CHAPMAN, Mr. TALLON, and Mr. ECKART.

H.R. 2493: Mr. PETRI.

H.R. 2530: Mr. FOGLIETTA, Mr. LIPINSKI, and Mr. ACKERMAN.

H.R. 2560: Mr. RIDGE, Mrs. ROUKEMA, Mr. McDERMOTT, Mrs. SCHROEDER, and Mr. HAYES of Illinois.

H.R. 2587: Mr. WELDON and Mr. THOMAS of Georgia.

H.R. 2631: Mr. STARK.

H.R. 2665: Mr. DYMALLY, Mr. RANGEL, Mr. FROST, Mr. ACKERMAN, Mr. GARCIA, Mr. PALLONE, Mr. MFUME, and Mr. DE LUGO.

H.R. 2667: Mr. DAVIS, Mr. WILSON, and Mr. ROGERS.

H.R. 2682: Mr. KOLBE.

H.R. 2690: Mr. BATES.

H.R. 2699: Mr. LANCASTER, Mr. CARDIN, and Mr. SLATTERY.

H.R. 2756: Mr. MORRISON of Connecticut, Mr. BOUCHER, Mr. CHAPMAN, Ms. PELOSI, and Mr. KAPTUR.

H.R. 2772: Mr. McDERMOTT and Mr. RANGEL.

H.R. 2796: Mr. JACOBS and Mr. WATKINS.

H.R. 2807: Mr. AKAKA, Mr. TOWNS, Mr. PAYNE of Virginia, Mr. SOLOMON, Mr. LAFALCE, Mr. FROST, Mr. STAGGERS, Mr. ARMEY, Mr. DWYER of New Jersey, Mr. KASTENMEIER, Mr. KANJORSKI, Mr. BILBRAY, and Mr. BROOKS.

H.R. 2858: Mrs. ROUKEMA.

H.R. 2870: Mr. HERTEL, Mr. FAZIO, Mr. LANCASTER, Mr. KANJORSKI, Mr. RANGEL, and Mr. HAWKINS.

H.R. 2881: Mr. DYMALLY and Mrs. SAIKI.

H.R. 2896: Mr. SCHAEFER, Mr. CAMPBELL of Colorado, and Mrs. SCHROEDER.

H.J. Res. 81: Mr. SMITH of Mississippi.

H.J. Res. 164: Mr. SMITH of Texas, Ms. SNOWE, Mr. VISCLOSKY, Mr. DE LA GARZA, and Mr. SHAW.

H.J. Res. 194: Mr. HYDE, Mr. MILLER of Ohio, Mr. GONZALEZ, Mr. CARPER, Mr. ROSE, Mr. BONIOR, Mr. HASTERT, Mr. AKAKA, Mr. McMILLEN of Maryland, Mr. CHANDLER, Mr. SABO, Ms. OAKAR, Mr. KASICH, Mr. MILLER of Washington, Mr. WATKINS, Mr. PALLONE, Mr. TRAXLER, Mr. DUNCAN, Mr. RHODES, Mr. BUECHNER, Mr. PERKINS, Mr. STAGGERS, Mr. TANNER, Mr. OBERSTAR, Mr. PASHAYAN, Mr. BORSKI, Mr. SMITH of New Hampshire, Mr. GIBBONS, Mr. CRAIG, Mr. KASTENMEIER, Mr. LEWIS of California, Mr. FORD of Michigan, Mr. STEARNS, Mr. QUILLEN, Mr. THOMAS of Wyoming, Mr. BILBRAY, and Mr. ASPIN.

H.J. Res. 217: Mr. AUCOIN, Mr. ANTHONY, Mr. ALEXANDER, Mr. CARPER, Mr. PURSELL, Mr. PALLONE, Mr. LIPINSKI, Mr. MFUME, Mr. HEFNER, Mr. HALL of Ohio, Mr. HOYER, Mr. YOUNG of Alaska, Mr. GALLO, Mr. SPENCE, Mr. BENNETT, Mr. FORD of Michigan, Mr. SCHEUER, Mr. DENNY SMITH, Mrs. KENNELLY, Mr. SUNDQUIST, Mr. NAGLE, Mr. LEWIS of Georgia, Mr. COOPER, Mrs. BENTLEY, Mr. BAKER, and Mr. BILBRAY.

H.J. Res. 231: Mr. McCLOSKEY, Mr. TAUZIN, Mr. THOMAS A. LUKEN, Mr. WALGREN, Mr. FOGLIETTA, Mr. YATES, Mr. BROWDER, Mr. HARRIS, Mr. UDALL, Mr. ALEXANDER, Mr. LEWIS of Georgia, Mr. JENKINS, Mr. HOYER, Mr. McMILLEN of Maryland, Mr. WILSON, Mr. BROWN of California, Mr. CARPER, Mr. BEILENSON, Mr. RAY, Mr. ROWLAND of Georgia, Mr. DUNCAN, Mr. McHUGH, Mr. BEVILL, Mr. MAVROULES, and Mr. VALENTINE.

H.J. Res. 241: Mr. COSTELLO, Mr. CLEMENT, Mr. APPLEGATE, Mr. FRANK, Mr. SABO, Mr. BENNETT, Mr. CALLAHAN, Mr. DONNELLY, and Mr. KANJORSKI.

H.J. Res. 284: Mr. DWYER of New Jersey, Mr. LIGHTFOOT, Mr. LEACH of Iowa, Mr. SAWYER, Mr. CALLAHAN, Mr. DE LA GARZA, Mr. CLEMENT, Mr. NELSON of Florida, Mr. OWENS of New York, Mr. WOLPE, Mr. TOWNS, Mr. LEWIS of Georgia, Mr. RAY, Mr. FASCELL, Mrs. COLLINS, Mr. LEHMAN of California, Mr. UDALL, Mr. CARPER, Mr. GOODLING, Mr. VALENTINE, Mr. GINGRICH, Mr. JONES of Georgia, Mr. CHAPMAN, and Mr. RAHALL.

H.J. Res. 290: Mr. OWENS of New York, Mr. NATCHER, Mr. LIPINSKI, Mr. HAYES of Illinois, Mr. DARDEN, Mr. MORRISON of Washington, Mr. BROOKS, Mr. OLIN, Mr. PANETTA, Mr. KOLTER, Mr. McHUGH, Mr. ROWLAND of Georgia, Mr. JONES of North Carolina, Mr. LAFALCE, Mr. HANSEN, Mr. STALLINGS, Mr. POSHARD, Mr. MINETA, Mr. MAVROULES, Mr. ENGEL, Mr. ESPY, and Mr. BUECHNER.

H.J. Res. 292: Mr. WAXMAN, Mr. GORDON, Mr. BEREUTER, Mr. McDADE, Mr. GILMAN, Mr. BLAZ, Mr. SCHUMER, Mr. DURBIN, Mr. FROST, Mr. WOLPE, Mr. HALL of Ohio, Mr. EARLY, Mr. GEJDENSON, Mr. DE LUGO, and Mr. OWENS of Utah.

H.J. Res. 300: Mr. BATES, Mr. PACKARD, Mr. HANSEN, and Mr. CAMPBELL of California.

H.J. Res. 309: Mrs. VUCANOVICH, Mr. PAYNE of Virginia, Mr. GINGRICH, Mr. ARMEY, and Mr. CHAPMAN.

H.J. Res. 322: Mr. ARMEY.

H.J. Res. 327: Mr. McDADE, Mrs. KENNELLY, Ms. PELOSI, Mr. KOSTMAYER, Mr. LEWIS of Georgia, Mr. FLAKE, Mr. HERTEL, Mr. VOLKMER, Mr. AUCOIN, Mr. MILLER of California, Mr. BRENNAN, Mr. RANGEL, Mr. ESPY, Mr. LEHMAN of Florida, Mr. HATCHER, Mr. BROWN of California, Mr. DWYER of New Jersey, Mr. HUGHES, Mr. JONES of North Carolina, Mr. FLIPPO, Mr. McNULTY, Mr. OWENS of Utah, Mr. LELAND, Mr. FALEOMAVAEGA, Mr. SKELTON, Mr. SPRATT, Mr. STUDDS, Mr. TALLON, Mr. TAUKE, Mr. BUSTAMANTE, Mr. FEIGHAN, Mr. HAYES of Louisiana, Mr. HOAGLAND, Mr. HYDE, and Mrs. JOHNSON of Connecticut.

H.J. Res. 337: Mr. PARKER, Mr. PAYNE of Virginia, and Mrs. VUCANOVICH.

H.J. Res. 350: Mr. PURSELL, Mr. JENKINS, Mr. KYL, Mr. BARTON of Texas, Mr. CRANE, Mr. BILIRAKIS, Mr. COBLE, Mr. COURTER, Mr. DORNAN of California, Mr. HANSEN, Mr. KASICH, Mr. LOWERY of California, Mr. MCEWEN, Mr. MARLENEE, Mr. PACKARD, Mr. DENNY SMITH, Mr. SMITH of New Hampshire, Mr. ROBERT F. SMITH, Mr. STUMP, Mr. MCGRATH, Mr. GRANT, Mr. GEKAS, Mr. RHODES, Mr. GUNDERSON, Mr. LENT, and Mr. DREIER of California.

H.J. Res. 354: Mr. DERRICK, Mr. GUARINI, Mr. FLORIO, Mrs. KENNELLY, Mr. ATKINS, Mr. CARPER, Mr. PALLONE, Mr. ROE, Mr. COSTELLO, Mr. MFUME, Mr. DE LUGO, Mr. MCCLOSKEY, Ms. KAPTUR, Mr. FAZIO, Mr. CONTE, Mr. DYMALLY, Mr. FOGLIETTA, Mr. KOLTER, Mr. HOCHBRUECKNER, and Mr. HAYES of Louisiana.

H. Con. Res. 23: Mr. DWYER of New Jersey.

H. Con. Res. 40: Mr. OWENS of Utah and Mr. SHUMWAY.

H. Con. Res. 45: Mr. HANCOCK.

H. Res. 104: Ms. SLAUGHTER of New York and Mr. VALENTINE.

H. Res. 157: Mr. WOLPE, Mr. FISH, and Mr. EDWARDS of California.

H. Res. 169: Mr. AKAKA, Mr. BARTLETT, Mr. BLAZ, Mr. BRYANT, Mr. CHAPMAN, Mr. COLEMAN of Missouri, Mr. DELLUMS, Mr. EDWARDS of Oklahoma, Mr. HERGER, Mr. LAUGHLIN, Mr. KOLBE, Mr. MFUME, Mr. SCHUETTE, Mr. SOLOMON, Mr. TALLON, Mr. TANNER, and Mrs. VUCANOVICH.

H. Res. 170: Mr. EVANS.

H. Res. 181: Mr. CLINGER and Mr. SMITH of Texas.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

68. By the SPEAKER: Petition of the Richland City Council, Washington, relative to a constitutional amendment, or other appropriate form of action, to protect the symbolism represented by the American flag; to the Committee on the Judiciary.

69. Also, petition of the Township Council of Jefferson, NJ, relative to the Supreme Court's ruling on the desecration of the American flag; to the Committee on the Judiciary.

SENATE—*Monday, July 24, 1989*

(Legislative day of Tuesday, January 3, 1989)

The Senate met at 12:30 p.m., on the expiration of the recess, and was called to order by the Honorable TIMOTHY E. WIRTH, a Senator from the State of Colorado.

PRAYER

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

Let us pray:

* * * *God is able to make all grace abound toward you; that ye, always having all sufficiency in all things, may abound to every good work.*—II Corinthians 9:8.

Mighty God, Creator, Sustainer, Consummator of history, from whom are life and breath and all things, eternal Father full of grace and truth, we thank Thee for this superlative promise filled with superlatives: "all grace," "abounding" "always," "all sufficiency in all things," "every good work." Forgive us when we deprive ourselves of these incredible benefits because we do not believe or our lives are so disconnected from Thee that we live as though Thou art irrelevant. Somehow, help us to comprehend and appropriate these vast resources for our daily needs—resources which not only do not diminish our personhood but enhance it and enable each of us to fulfill his full potential.

In Jesus' name. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [MR. BYRD].

The bill clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, July 24, 1989.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable TIMOTHY E. WIRTH, a Senator from the State of Colorado, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. WIRTH thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

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

THE JOURNAL

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

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

ORDER OF PROCEDURE

Mr. MITCHELL. Mr. President, following the time reserved for the two leaders, there will be a period for morning business until 1 o'clock this afternoon with the Senators permitted to speak therein for 5 minutes each. At 1 o'clock, the Senate will begin consideration of Calendar item No. 159, that is S. 1352, the Department of Defense authorization bill.

For the information of Senators and staff who may be listening at this time, votes are possible after 5 o'clock today in connection with the DOD bill. Therefore, Senators are alerted to the possibility of votes occurring today after 5 p.m. in keeping with the schedule which I have previously announced both in writing and orally to Senators.

RESERVATION OF THE LEADERS' TIME

Mr. MITCHELL. Mr. President, I reserve the remainder of my leader time, and I reserve the time of the distinguished Republican leader.

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

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business not to exceed the hour of 1 p.m. with Senators permitted to speak therein for not to exceed 5 minutes each.

The Chair recognizes the distinguished Senator from Kentucky.

AVIATION PRIORITIES

Mr. FORD. Mr. President, the aircraft crash in Sioux City Wednesday afternoon is a shocking reminder of the fallibility of the aviation transportation system. In the same week that we celebrate 20 years since our country's Moon landing, we have an airplane crash which kills over 100 people. I know the National Transportation Safety Board is working to identify the cause of the accident. When they do, I hope we can learn from it.

I take my responsibilities as chairman of the Aviation Subcommittee seriously, Mr. President. Tragedies like this one make me ask: "Have I, have we in the Senate done everything we can do to make and keep air travel safe? Have we exercised appropriate oversight over the Federal Aviation Administration [FAA]? Have we provided the tools and the funds needed to assure that the FAA has controllers, inspectors, equipment and research to keep our national air transportation system operating with the maximum degree of safety? Where are the weaknesses in the system and what can we do to correct them?"

As often happens up here, I have a lot more questions than answers. The Aviation Subcommittee held hearings this spring to explore the problem of aging aircraft. Both the FAA and the industry responded to that concern and have been working actively on revised maintenance programs, new inspection techniques for fatigue and corrosion, and mandatory retirement of parts on certain older aircraft. I know the FAA is adding more inspectors and has asked for 300 more in the fiscal year 1990 budget.

In addition to inspection and tests of aging aircraft, I wonder if we should look at the way the FAA certifies aircraft. Once a type certificate is granted, what update and review process is prescribed and followed? At what point should safety enhancements be incorporated? Should the FAA look at designs in light of accident findings? Some experts have expressed concern over the FAA certification system; perhaps we should explore this area as well.

An accident like the one last week underscores the importance of experienced, trained pilots. Without skilled hands at the controls, the loss of life would have been much higher. Senator MCCAIN, the ranking member of the subcommittee, and I worry about the supply of pilots for the airline industry. We are short now and the shortage will be acute in the next decade. The Aviation Subcommittee will hold hearings early next month to explore the problem, and to investigate ways to encourage the training of pilots.

We have spent considerable time this year on aviation security issues. We want to be sure that the FAA is

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

addressing the threat of terrorism, and that we will never have another Pan Am 103. The FAA has established new, stringent passenger screening requirements, and is moving toward installation of explosive detection devices at large airports. We need to keep moving on this and we need to continue to press the FAA to do more research to find better ways to protect the traveling public.

I continue to be worried about the trend toward leveraged buyouts which may be starting to afflict the airline industry. We have been hearing about moves on United: just a few days ago the paper mentioned US Air. That is why Senator McCAIN and I introduced legislation last month to require the Secretary of Transportation to approve acquisitions of airlines following certain determinations regarding safety.

Making decisions on the buying and selling of airlines is something I believe the Secretary of Transportation can and should do. I do not believe he or his staff should be running the FAA. Jim Busey was confirmed as FAA Administrator—finally—in June and I believe he will do a fine job. I intend to move ahead with legislation which would separate the FAA from the Department of Transportation and make some reforms at FAA in the areas of personnel practices, budget and procurement. The FAA must be free to operate and maintain the national airspace without political interference and without being second-guessed on the subject of safety. I have a high regard for Secretary Skinner. He has made a lot of the right decisions since he has been Secretary and has tried to correct the mistakes of his predecessors. But my concern is institutional, not personal. I simply do not believe that the DOT does anything for the FAA that the FAA could not do better by itself.

I continue to be concerned about funding for the FAA. We in the aviation community have talked for years about the airport and airway trust fund balance which keeps growing. When this committee and our counterparts in the House of Representatives authorized the fund, we directed that capital programs be funded first, then operating programs. At that time we wanted to be sure that funding would be provided for the new National Airspace System, NAS plan, and for the airport grants program which was rapidly expanding.

Since 1982, appropriations for the major capital account have grown from $246 million to $1.4 billion in 1989. Airport grants appropriations have grown from $450 million in 1982 to $1.4 billion in 1989. At the same time the trust fund contribution to the operations account has gone from $810 million in 1982 to $471 million in 1989. This has occurred during the years the FAA has been replacing its air traffic controller work force, increasing the inspector staff, adding security specialists, strengthening enforcement programs, implementing the NAS plan, improving technical training to keep pace with the new equipment and technology. Mr. President, all of these expenses are crucial to the safe operation, capacity and expansion of the national air transportation system, and all of them are operating costs.

I want to be sure we maintain the necessary levels for capital and airport grants. Certainly no one would want to retard progress on the NAS plan; in fact, expenditures are practically locked in for the next several years just to complete the major systems and programs. Of course, I am committed to keeping the airport grant program at high levels too to assure that we keep pace with demand for increased safety and capacity. I only wish the major airlines could be a little more positive on building new airports. They complain about capacity limitations, but when there is an opportunity to do something about it, you can't find them.

So I suggest to all my friends in the aviation community that we rethink our positions. While we continue to give attention to the capital and airport programs, we might consider using a little more of the trust fund for operations. Without the people, the system simply can't function.

I appreciate the help I have had from my colleages on the Commerce Committee and in the Senate in working with me to assure the best, safest, most efficient national air transportation system in the world. I look forward to and ask for your continued assistance as we tackle this important task.

RECOGNITION OF THE REPUBLICAN LEADER

The ACTING PRESIDENT pro tempore. The Chair recognizes the distinguished Republican Leader.

HOWARD FRANCIS POND, SR.

Mr. DOLE. Mr. President, today I would like to bid farewell to a longtime friend of Capitol Hill, technician Howard Francis Pond, Sr., of the US. Capitol Police.

On August 5, "Howie" will complete his last tour of duty, of which there have been many. Howie began serving his country at the age of 18, when he joined the U.S. Army in 1946.

During his military career, Howie made several contributions which included, among other things, the design of a drum major's uniform for the U.S. Army Band as well as a manual on drum majoring for the Army.

Howie retired from the Army with 23 years of service, but he did not stop serving his country. Howie joined the Capitol Police where he served his country for another 20 years. Howie's contributions during his police career were many. They include everything from directing traffic to conceptualizing the now very important "first responder" unit of the U.S. Capitol Police.

Howie was also the codesigner of the award-winning Capitol Police uniform. Howie's more recent duties have been as the deputy commander of the Capitol Police Ceremonial Unit and the Training Division. I wish Howie and his wife, Rosalie, well in his retirement after 43 years of service.

NOMINATION OF WILLIAM LUCAS

Mr. DOLE. Mr. President, I know that every Senator is committed to the principle of equality of opportunity. I just hope that the Senate—and the Judiciary Committee—do not abandon this commitment when it comes to equal opportunity for Bill Lucas, President Bush's outstanding choice to head up the Justice Deparment's Civil Rights Division.

DO NOT BLAME BILL LUCAS

There are some in Congress who don't like the recent Supreme Court decisions interpreting the Federal civil rights laws. That is perfectly understandable. Some Senators have even introduced legislation to overturn these decisions. That is their right. And if these Senators feel strongly about the decisions, that is their obligation.

But do not blame Bill Lucas for the Supreme Court. Do not blame Bill Lucas for standing by his President during his nomination hearings—for supporting administration policy. And do not blame Bill Lucas for having some independent ideas—for refusing to tote the party line of the civil rights establishment.

EXPERIENCE

During the past several months, I have heard a lot of talk about experience. There are some who claim that Bill Lucas does not have a civil rights résumé—that he does not have enough legal "experience" to lead the Civil Rights Division.

Mr. President, these criticisms are unjustified. And they miss the point.

While the head of the Civil Rights Division is responsible for setting the Federal Government's civil rights policy, he rarely steps into Federal court himself to argue a case. Primary responsibility for carrying the litigation caseload rests with the division's staff attorneys, of which there are currently more than 150. So—you can see—the head of the Civil Rights Division is a leader of a whole army of

staff attorneys—the enforcer of our civil rights laws. He is not necessarily a litigation expert.

Nevertheless, Bill Lucas has the right stuff to be a successful court advocate. Ninety percent of the complaints filed with the Civil Rights Division's Criminal Section, for example, involve police misconduct. Who in this country is better equipped than Bill Lucas—the former policeman, FBI agent and county sheriff—to deal with these tough issues with real experience?

So, who would you rather have judging race relations, and police activities, and the hopes and aspirations of all black Americans—the liberal establishment's technical scholar or President Bush's outstanding nominee—a man whose very life dwarfs whatever so-called experience you might be able to glean from a textbook.

CONCLUSION

Today's Wall Street Journal contains an excellent editorial—entitled "The Lucas Assault"—that makes some of the points that I have tried to make here today.

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

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

THE LUCAS ASSAULT

With the Biden-Kennedy-Metzenbaum assault on William Lucas, all black citizens are being told: If you rise to prominence by conservative or Republican routes, we will destroy you. The point of the exercise is to keep blacks down on the liberal plantation.

In the Judiciary Committee hearings on President Bush's nominee for Assistant Attorney General for Civil Rights, the Senators softened up their target with the usual trivia dredged up by exhaustive FBI background checks: some trouble with the Customs Service, a 1981 failure to reveal having flunked his first bar exam 20 years earlier, etc., etc. The sniping is then dignified with the heavy artillery: The nominee spent his life as an FBI agent, sheriff and county executive of Wayne County; he was not a civil-rights lawyer, and therefore lacks the technical qualifications for the post.

This fastidiousness about legal learning is proffered with a straight face by the same Senators who defeated Robert Bork for the Supreme Court and Brad Reynolds for associate attorney general. We only hope that the Bush administration recognizes that the assault on Mr. Lucas is fast becoming one of its biggest political challenges. It should notice when Ralph Neas, ringleader of the Bork lynching, remarks of Mr. Lucas, "I think the nomination is in serious trouble based on the momentum of the last 48 hours."

Of course, what the Senators, Mr. Neas and the rest of the Washington civil-rights lobbying complex want is to reverse Mr. Bush's election. Assistant Attorneys General are chosen by the man who wins the most votes for President, not by the losing political party. Presidents have a right, indeed a duty, to appoint officials who will carry out the policies they offered voters during the campaign.

Mr. Lucas, though, is being criticized for agreeing with the President and the Attorney General who appointed him. Asked about recent Supreme Court opinions, he repeated administration policy, saying he would follow what the Supreme Court has held is the law of the land, and would suggest new legislation only if he thought it was required as cases are brought.

This is not acceptable, we're now told. Senator Biden and Rep. John Conyers withdrew their support, though they surely must have suspected the nominee would follow the administration. We can't recall any previous nominee ever required by Senators to take a disloyalty oath to the superiors who nominated him.

And what are these retrograde opinions held by the President, the Attorney General and the Supreme Court majority? Mr. Lucas said he was drawn to serve under President Bush by his campaign pledge "that every American will be able to play on a level playing field, that any injustice—gross injustice, injustice period—that exists in this country will be corrected." Mr. Lucas does not promise quotas or reverse discrimination; he promises no discrimination.

But of course by now the civil-rights establishment views its main task as agitating for special treatment depending on color and sex. Mr. Lucas instead believes civil rights is not a zero-sum game of winners and losers. He says, "One of the things I would like to get away from in this whole civil-rights agenda is them and us."

Not far under the surface of all the criticism lies the suggestion that while his opinions might be forgiven in a white nominee, they are anathema for a black such as Mr. Lucas. "I was quite frankly surprised, when I asked this black man," Senator Biden said, "if we were moving in the right direction or wrong direction on civil rights, and he didn't have an opinion." And Mr. Lucas is not the only black Bush nominee being targeted for a Bork-like attack. The lobbies are clearly also set to block Clarence Thomas, a scholarly black lawyer Mr. Bush wants to take Mr. Bork's seat on the federal appeals court in Washington.

Lobbyists who live and breathe racial preferences, of course, have a high stake in stigmatizing any black who dissents from their dogma. If they do not speak for all blacks, what is the source of their moral authority? Similarly, Democrats have an enormous interest in neutralizing any salience Republicans have established in the black community, keeping a key constituency plus the ability to criticize Republicans as inhospitable to blacks. Yet some of the ablest blacks are moving away from the notion of racial quotas, recognizing that they detract from real achievements. And like Mr. Lucas, at least a few politicians are recognizing the interest of no group is served if one party cannot win its votes and the other party cannot lose them.

The stakes in the Lucas nomination embrace not just a job but a vision of race relations and the future of politics. Above all, they include the issue of whether all Americans have an equal right to think for themselves, or whether blacks cannot advance unless and until they agree with their official lobbying groups, Mr. Neas, and Senators Biden, Metzenbaum and Kennedy.

Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. I ask unanimous consent that I may proceed for 1 minute as in morning business.

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

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that I may place into the RECORD a letter by the minority leader, Senator DOLE, to the New York Times, dated June 20, 1989, that speaks about Bill Lucas, who is President Bush's choice to head the Justice Department's Civil Rights Division. I found it to be a very helpful letter. I found it to be a letter that I hope each Senator will read in coming to a judgment on Mr. Lucas, as we have hearings about his nomination; but it is an interesting historical perspective on the position, and I found it very helpful.

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

[From the New York Times, June 20, 1989]

NOMINEE'S CRITICS MAY FEAR CHALLENGE TO CIVIL RIGHTS ORTHODOXY

To the Editor:

I was disappointed by your editorial "A Cipher for Civil Rights?" (May 25). The editorial adopts—hook, line and sinker—the propaganda churned out by those in the civil rights establishment who want to torpedo William Lucas, President Bush's choice to head the Justice Department's Civil Rights Division.

The editorial's characterization of Bill Lucas as a "cipher" and a "civil rights nonentity" is particularly unfair. Someone who has dedicated more than 35 years of his life to public service—as a schoolteacher, social worker, policeman, F.B.I. agent, lawyer, sheriff an elected representative for one of the nation's largest counties—is certainly no "cipher." And someone who has managed to rise above his impoverished beginnings, educate himself and raise a lovely family of five children—all the while contending personally with the evils of racial discrimination and racial sterotyping—is certainly no "civil rights nonentity."

I also cannot understand all of the hullabaloo about Bill Lucas's lack of a so-called civil rights résumé and his lack of trial experience. In 1961, for example, President Kennedy appointed Burke Marshall, an antitrust lawyer more versed in the nuances of the Sherman Antitrust Act than in civil rights law, to head up the Civil Rights Division.

According to Taylor Branch's recent book, "Parting the Waters: America in the King Years," President Kennedy chose Marshall precisely because Marshall "knew none of the civil rights leaders and had contributed to none of the civil rights organizations, nor had he shown any interest in race issues." Yet Marshall was at the helm of the Civil Rights Division when Congress passed the historic Civil Rights Act of 1964. Not bad for an antitrust attorney more accustomed to representing Standard Oil and Du Pont.

History teaches us another lesson: While the head of the Civil Rights Division is responsible for setting the Federal Government's civil rights policy, he rarely steps into Federal court himself to argue a case. Primary resonsibility for carrying the litigation caseload rests with the division's staff attorneys, of which there are currently

more than 150. So much for the "he-never-tried-a-case" smear.

But Bill Lucas has the right stuff to be a successful court advocate. Ninety percent of the complaints filed with the Civil Rights Division's Criminal Section, for example, involve police misconduct—the "color of law" violations in civil rights parlance. Who in this country is better equipped than Bill Lucas—the former policeman, F.B.I. agent and county sheriff—to bring these investigations and prosecutions to a successful resolution?

Bill Lucas will be confirmed by the Senate and he will be an outstanding Assistant Attorney General. That I can guarantee. Unfortunately, I cannot guarantee that Bill Lucas will be treated fairly by his critics in the press and in the civil rights establishment. Do they really oppose the Lucas nomination because they think Bill Lucas is "technically unqualified"? Or do they resent—and perhaps fear—the challenge that an articulate black conservative may pose to the prevailing civil rights orthodoxies?

BOB DOLE,
U.S. Senator from Kansas.

WASHINGTON, *June 5, 1989.*

(The remarks of Mr. DOLE pertaining to the introduction of Senate Journal Resolution 182 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

DEFENSE DEPARTMENT REPORTS

Mr. BOSCHWITZ. Mr. President, earlier this month, Secretary of Defense Dick Cheney unveiled his plan to streamline the defense procurement process. His ambitious proposals would, over a 5-year period, save as much as $30 billion. But the Secretary made absolutely clear that he needs our help, and that without Congress, no plan can hope to succeed.

Although several of Secretary Cheney's proposals will require congressional authorization, that will not be enough. As the Secretary wrote in his letter, "Congress has been directly involved in creating the current management structure and acquisition process at DOD." He has also noted that Congress has imposed some 1,500 separate laws or regulations dealing with procurement, that around 100 committees and subcommittees have some part of the oversight of the Pentagon, and that the congressional appetite for reports has increased some 1,800 percent in the past 20 years—from a mere 36 in fiscal year 1970 to an overwhelming 661 in fiscal year 1989. These 661 reports consumed an astounding 370 man-years of time to prepare, at an estimated cost to the taxpayer of nearly $36 million.

Mr. President, stacked next to me are approximately 5½ feet of Defense Department reports which respond to congressional reporting requirements for this fiscal year—the one we are in now. And these are only the unclassified reports. If I could bring the classified reports on to the floor, the stack would be approximately twice as high. How many of us are going to read even a single one of these reports? How many of us could even name the subject of one of these reports which we compel the Defense Department to produce?

I regret to say that it looks like next year's stack will rival this one. The House Defense Department authorization report for fiscal year 1990 lists 215 new separate reporting requirements, a 36-percent increase from last year's 158 mandated reports. And we in the Senate have not even started to take our crack at the Pentagon yet. So it looks like the congressional appetite continues to grow as does our desire to micromanage the Defense Department.

Mr. President, I have a table which I will ask unanimous consent to insert into the RECORD at the end of my remarks which illustrates the astonishing growth in the number of reports which Congress has required from the Defense Department since fiscal year 1970.

The table shows that in fiscal year 1970 Congress requested 36 reports, and in fiscal year 1988 we requested 719 reports. This is an astounding increase of 2,000 percent in mandated reports in two decades. Last year, for fiscal year 1989, as I mentioned before, we requested 661 reports—a 1,838-percent increase when compared to fiscal year 1970 but an actual drop when compared to fiscal year 1988. So perhaps we showed some more self control and restraint last year. But let's not congratulate ourselves. These numbers are still disgracefully high, and, as I will indicate in a moment, appear to be headed back up again this year.

In short, Mr. President, we are a big part of the problem of Pentagon mismanagement and waste. It's time we became part of the solution.

Over the past couple of years, I have become increasingly concerned about the extent of congressional micromanagement of nearly all aspects of DOD operations. Last year, I gave a series of speeches in which I pointed to some of the ways in which we have skewed the running of the Department. I indicated, for example, that when the laws and regulations of Pentagon procurement were measured a few years back, it filled 1,152 linear feet of law library shelf space—more than twice the size of the Washington Monument.

I indicated that the growth in reporting requirements had exceeded any reasonable need for information and doubted that few members, if any, actually took the time to read them. Indeed, Mr. President, one of the criticisms I have heard from DOD personnel involved in writing the reports is that they never hear back from the Hill, and they find that deeply discouraging.

In addition to these reports there are more than 30,000 pages of budgetary justification that are required when the Pentagon submits its budget to Congress. In 1988—a short year because we adjourned in October for the elections—defense witnesses provided more than 1,800 hours of testimony on Capitol Hill. The Secretary of Defense alone spent more than 60 hours testifying before Congress. In 1987, there were over 106,000 written queries from Congress to DOD, and an estimated 600,000 phone queries.

Then, of course, Mr. President, there are all the changes both big and little, that Congress makes in the line item budget requests from DOD. Of the less than 2,000 line items in fiscal year 1988, for example, the congressional authorizing committees made nearly 1,200 changes, and the appropriating committees made nearly 1,600. If that isn't micromanagement, I don't know what is.

Congressional interference in the affairs of the Pentagon is pervasive. And perhaps our worst offense is pushing pet projects that aid our States, whether or not they are in the national interest. We can no longer afford that kind of pork in the defense budget.

Last year, I offered an amendment to strike all the plus-ups and add-ons that the Pentagon had not requested but that Congress nevertheless insisted upon. I still remember vividly the horror and shock with which the amendment was received.

Although I ultimately withdrew my amendment last year, I was delighted that the House Subcommittee on Procurement did not include any plus-ups or add-ons but endorsed without change the weapons procurement section of the Defense budget submitted in April.

I commend the subcommittee's members for their action. Add-ons and plus-ups have a political purpose frequently and they often fail to serve the security interests of our country. The House Armed Services Committee, however, has unfortunately allowed its subcommittee's actions to unravel. This year plus-ups and add-ons have begun again.

For example, the House committee has voted to add $1.6 billion in unrequested equipment to the budget submitted by the Defense Department. Most of this covers the V-22 Osprey aircraft and the F-14 fighter. Secretary Cheney had concluded that the V-22 should be totally unfunded and production of the F-14D should be terminated. But, bowing to pressure, the committee restored funding for both.

I repeat, Mr. President, the time has come for us to become part of the solution, not part of the problem. As an

initial step, I am introducing the "Defense Reports Reduction Act." It would terminate DOD reporting requirements as of January 1, 1991 and require case-by-case enactment of future reports. In other words, Congress would have to justify its apparently insatiable appetite for reports from the Pentagon.

If we are ever to be serious about reducing micromanagement, then let us begin with this legislation. I intend to work with the Armed Services Committee to see what progress we can collectively make in making our relationship with the Pentagon more rational and realistic.

Mr. President, I believe this is an important first step. It is, to be sure, only a first step, but I sincerely invite my colleagues to join with me in the long process to work with our new Secretary of Defense in reforming the Pentagon. The Secretary began his part in that process last week. We must now respond constructively and energetically.

Mr. President, I now ask unanimous consent that the table to which I earlier referred be printed in the RECORD.

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

CONGRESSIONAL REPORTS IN DEFENSE AND MILITARY CONSTRUCTION AUTHORIZATION AND APPROPRIATION COMMITTEE REPORTS

	Number of reports	Percentage increase since 1970
Fiscal year:		
1970	36	
1976	114	317
1977	129	358
1978	153	425
1979	177	492
1980	231	642
1981	223	619
1982	221	614
1983	325	903
1984	422	1,172
1985	458	1,272
1986	676	1,878
1987	680	1,889
1988	719	1,997
1989	661	1,836

CATASTROPHIC COVERAGE ACT OF 1988

Mr. PRESSLER. Mr. President, the debate over how to finance catastrophic medical care continues. Senior citizens across the United States are concerned, and rightfully so, that the surtax is unfair and the provisions of the program do not meet their need for long-term care coverage.

This legislation, more than any other in recent times, has caused older people in South Dakota a great deal of frustration. I have heard from thousands of senior citizens about this situation through letters and meetings conducted in my State. What I hear is that senior citizens are upset. In fact, they are downright mad.

Recently, I completed a survey of South Dakota senior citizens. Greater than 50 percent would like the benefits either repealed or implementation delayed. The second highest percentage want to make participation in the program voluntary. They want a separate category for the catastrophic program. The elderly do not want the catastrophic provision voluntary under part B. Part B of Medicare should be left as it now stands. The benefit of greatest value to senior citizens is perceived to be the "spousal impoverishment" provisions.

Senior citizens view the current premium as far too excessive for the benefits provided. The cost of the catastrophic program is a burden paid by too few people. Why should they pay a "user's fee" for a program that benefits more than the elderly? Parents of school-age children do not pay such a fee so their children can get an education. If the current catastrophic health care program continues, then a different method of financing must be devised.

The provisions of the catastrophic program are available to many senior citizens through supplemental insurance. Why duplicate what people can obtain already, for less money, through the private sector? How can we justify the excessive price tag on benefits so few people will ever enjoy?

For example, how many people will ever use 365 days of hospital care in a year? In order to remain in a hospital and collect Medicare reimbursement, an individual must show continuous progress. Someone who requires 365 days of care does not demonstrate a steady recovery.

Second, the nursing home provisions available through the catastrophic program are very limited. In order to qualify for Medicare reimbursement, a nursing home must offer skilled care and be certified by Medicare. How many homes meet those qualifications? I am aware of only four homes in South Dakota that accept Medicare-eligible residents. Other States probably experience a similar situation.

If we really want to help people who need long-term care, then lets talk about long-term care insurance. There is a definite need to finance extended care. Many South Dakotans who have communicated with me have mentioned this need.

Home care, hospice care and access to physician care are valued highly by senior citizens. Today's seniors are very concerned about the high cost of a visit to a doctor's office. They are horrified by the inadequate reimbursement to physicians in rural States. Why do senior citizens in South Dakota pay the same for Medicare part B, as seniors living elsewhere, while the physicians who treat them are not paid the same as their urban counterparts who offer the same procedures? Why should our rural elderly suffer because physicians no longer can afford to practice in rural communities such as Ipswich, or Lake Preston, SD?

The people I represent in rural South Dakota are asking for the repeal of the Catastrophic Coverage Act. If it is not repealed, they want it delayed. They want the surtax eliminated and the program made voluntary. Like many other elderly throughout the United States, South Dakotans want action before it is too late. I urge the President and Members of Congress to listen to the people affected by the catastrophic program.

AMBASSADORIAL APPOINTEES

Ms. MIKULSKI. Mr. President, I am glad that during the State Department's authorization bill the Senate addressed the issue of ambassadorial appointees who are nominated apparently for no other reason than their contributions to political campaigns.

My colleague from Maryland, PAUL SARBANES, has led the fight on this issue in the Foreign Relations Committee and deserves great credit for his efforts.

I ask unanimous consent that a July 18, Baltimore Sun editorial entitled "Embassies for Sale" be printed in the RECORD.

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

[From the Baltimore Sun, July 18, 1989]

EMBASSIES FOR SALE

Sen. Paul S. Sarbanes has performed a public service in his guerrilla warfare against confirmation of some of the least qualified people nominated to sensitive ambassadorships.

The Maryland Democrat has suggested auctioning ambassadorships so that at least the money goes to the U.S. Treasury instead of to campaign funds. He has pointed fingers at nominees who penned identical bromides in stating their qualifications. He has ridden point for the more judiciously phrased complaints of the American Foreign Service Association. He has ridiculed State Department tongue-in-cheek certification of certain presidential nominees as qualified who aren't. Above all, Senator Sarbanes used his power as a member of the Senate Foreign Relations Committee to delay confirmation of nominations until public debate can focus on them.

These are Joseph Zappala, a Florida developer and major Bush campaign fundraiser, as ambassador to Spain; Melvin Sembler, another one, as ambassador to Australia; and Della Newman, a Seattle real estate broker and fund-raiser, as ambassador to New Zealand. These people have no known qualifications other than donations above $100,000, and can do the national interest harm in Spain, which is pushing out U.S. bases; in Australia, which welcomes U.S. nuclear ships and New Zealand, which doesn't. Each of those countries, and U.S. interests in each, deserve better.

One of this ilk who got through is Peter Secchia, a Michigan millionaire known principally for crudity of speech, who has presented his credentials as ambassador to Italy. The Italian press and left are having a field day. There is a pattern here. Look at the choice of the hapless one-term Nevada senator, Chic Hecht, confirmed to be ambassador to the Bahamas, supposedly qualified by his love of golf and interest in casinos.

What President Bush and Secretary of State James A. Baker III seem to be saying is that ambassadors don't matter, the bureaucracy can do the job. But such appointments insult the countries and diminish U.S. influence.

Politically appointed ambassadors can do excellent work. All modern administrations have sinned in selling some embassies. The Bush administration is overdoing it. The Foreign Service Act of 1980 stipulates that "contributions to political campaigns should not be a factor in appointment." In some nominations, it is the only factor. Senator Sarbanes cannot stem the tide. But he is making the squalid practice a political issue, which it should be.

TERRY ANDERSON'S CAPTIVITY

Mr. MOYNIHAN. Mr. President, I rise to inform my colleagues that today marks the 1,591st day that Terry Anderson has been held in captivity in Beirut.

On January 25, 1987, an article appeared in the New York Times which described the effect that the failed Iran arms deal had on the Beirut hostage situation and on the hostages' families.

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

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

[From the New York Times, Jan. 25, 1987]

HOSTAGES' FAMILIES SAY THEIR EFFORT IS A CASUALTY OF THE IRAN ARMS AFFAIR

(By Susan F. Rasky)

When the Iran arms deal became public, Peggy Say's mail began to turn ugly.

"You should be shot or sent to Beirut," one American wrote to Mrs. Say, the sister of Terry A. Anderson, chief Middle East correspondent for The Associated Press, who was kidnapped at gunpoint in Beirut on March 15, 1985.

Until yesterday, Mr. Anderson was one of five American hostages in Lebanon. Now he is one of eight; with the kidnapping of three more Americans, a new set of families has been initiated into the agony of waiting, hoping and receiving hate mail.

For a time last year, the hostage families had the ear of the White House and the heart of the nation. Today, Mrs. Say and other hostage relatives see the effort to win the hostages' release as a casualty of the Iran affair.

The arms sales intended to win the hostages' release have instead paralyzed the United States Government's efforts to free them. The relatives say the State Department has indicated that their only hope is Terry Waite, an envoy of the Archbishop of Canterbury who is in Lebanon, bargaining for the hostages' freedom.

Mrs. Say, who has been particularly outspoken, believes that many Americans now blame her and other hostage families for having dragged the President into the Iran affair.

Some letter-writers accuse the hostages' families of getting Mr. Reagan in trouble, or of wasting the United States' time in a forlorn effort to secure the freedom of their loved ones. Others suggest that it was the hostages' fault for being in Lebanon.

A MAJOR SETBACK

"This Iran thing was a major setback for the hostages," says Thomas Cicippio, whose brother Joseph, the chief accountant for the American University of Beirut, was seized in Sept. 17, 1986.

He and others now know that the White House was making efforts more dramatic than any they had dared imagine to win freedom for their imprisoned relatives. Indeed, the apparent success of Lieut. Col. Oliver L. North, the former National Security Council aide, in securing release of three hostages has made the failure to win freedom for the others all the more heartbreaking.

"I have to wonder," Mrs. Say observes in gratitude for the effort if not the methods, "if it hadn't been for Ollie and his merry band, where would we all be?"

But now, she and the others place their faith in Mr. Waite. "As long as someone is over there trying, we are very grateful," said Mr. Cicippio. "I believe Terry Waite when he says he has no ties to any Government."

ARMS SALES NOT SEEN AS FACTOR

David P. Jacobsen, who spent a year and a half in captivity in Lebanon, is convinced the arms sales had little to do with freeing him.

"I don't think I was exchanged for arms," he said. "I just don't think President Reagan would endanger the whole country for us."

Besides, he said, "the people I was held by were Lebanese, and they don't take their orders from anybody."

Jean Sutherland, whose husband, Tom, the dean of agriculture at the American University of Beirut, has been a captive since June 9, 1985, said she remains hopeful about her husband's release, but she has steeled herself for a long haul.

"Whenever anything happens on the international scene, we, the families and the hostages, somehow seem to be caught up in it," she said.

For Marilyn Langston, whose father, Frank H. Reed, was kidnapped on Sept. 9, 1986, the worst agony is not knowing whether he is dead or alive. No group has claimed responsibility for taking him, and Islamic Holy War, the group holding Mr. Anderson and Mr. Sutherland, has denied that it kidnapped Mr. Reed, the director of a private school in Lebanon.

LIKE HE VANISHED INTO THIN AIR

"It's four months, and I have heard zero—it's like he vanished into thin air," Mrs. Langston said. Like the other hostage relatives, she speaks to an official at the State Department once a week, but so far she has found little reason to be optimistic about official diplomacy.

"I'd like to think the State Department was doing something. I'd like to think the President was doing something," she said. "But I think this Iran thing has taken attention away from the hostages who are still there. I think we've been put on the back burner. The State Department told us not to expect much until things settle down."

In the meantime, she is putting together a plea for information on her father's whereabouts and condition. The State Department has given her the names of Beirut newspapers in which she might want to run it as an advertisement.

Mrs. Say knows that feeling well. From the day her brother was captured, she has waged a relentless campaign, first behind the scenes and later in public, to demand that the Administration pay attention to him and what were for a time six other American hostages in Beirut.

She appeared on television talk shows and radio call-in programs and at lecture halls around the country. She traveled countless times to Washington and even once to the Middle East in the hope that something or someone would emerge to speed the captives' release.

Last spring, just before what she now knows was a trip by Robert C. McFarlane, the national security adviser, and Colonel North to Iran to deliver arms, she began meeting regularly with Colonel North in his office across the street from the White House. They became friends after a fashion, and she figured it was because Colonel North took a special interest in her brother since both men were marine veterans of the Vietnam War.

"Ollie was there when the families met with Vice President Bush in the fall of 1985 and then the next month when we met President Reagan," Mrs. Say recalled. "He seemed to me to have a lot of moxie."

"My mail indicated that I was personally responsible for Ronald Reagan getting himself into a jam," she added.

The last time Mrs. Say saw Colonel North was in mid-October of 1986. She remembers that he seemed particularly sympathetic and intense when he assured her that day that the President was doing everything he could to free the hostages.

She also remembers that she didn't believe a word of it. In frustration and despair, she sat at his desk and wept.

Now she fears that the backlash from Colonel North's efforts will extend to her brother and the other hostages.

"It seems as if some of the public blames the hostages for what was done on their behalf," Mrs. Say says of the mail she and other hostage families have received in recent weeks.

In late November, shortly after the White House acknowledged the arms sales to Iran, Mrs. Say wrote President Reagan to tell him that she appreciated the major initiative undertaken on the hostages' behalf. Mrs. Say says that the President called her the day before Thanksgiving to say he was not going to give up and that he would continue to explore contacts with Iran.

Mr. Jacobsen believes President Reagan is not as powerless in the matter as the Government seems to believe. "You must understand," he says, "my guards really believed that a call from President Reagan to the Emir of Kuwait would solve all of this."

"I don't want to give anybody the impression I liked the men who kidnapped me," he added. "They are not nice, but they are pragmatic. I think they are looking for a way out."

IN SUPPORT OF VOLUNTARY RESTRAINT AGREEMENTS

Mr. HEFLIN. Mr. President, I rise today to express my strong support for the continuation of the voluntary restraint agreement program for steel

and to urge the President to support a 5-year extension of this program.

Five years ago, before the VRA agreements were negotiated, the American steel industry was nearing extinction. Workers were losing their jobs, steel mills were closing, and regional economies were being devastated as a result.

Today, however, thanks to the VRA agreements, steel industry employment has stabilized, production has increased, net sales have increased, and the industry is reporting a profit.

In effect, these agreements have provided a shield from subsidized imports and allowed the domestic industry time to rebuild and become more competitive. By limiting imports to 21 percent and requiring American steel producers to reinvest substantially all of their net cash flow into plant and equipment modernization, the VRA's have enabled the U.S. steel industry to become highly efficient and competitive. In fact, the industry has reinvested some $6.7 billion over the past 5 years.

However, if our domestic steel industry is to remain competitive in the future, they need more time to promote research and development. They need the VRA's if they are to compete with foreign competitors who have, for the past 20 years, gained advantages through billions of dollars in subsidies and tightly controlled home markets. Without such an extension, the American steel industry will be significantly disadvantaged and our entire industrial base will again be threatened.

Mr. President, I well remember the years when we saw scores of people lose their jobs in the steel industry and when we watched one steel mill after another close as U.S. steel manufacturers tried to compete with the unfair trade practices of foreign competitors. I therefore implore the President to begin working immediately with the Congress to extend these agreements for all countries and all products which they presently cover.

In closing, I would also like to share with my colleagues an editorial piece which recently appeared in the Birmingham News and which was written by J.D. Murphy of Eufaula, AL. J.D. is the president of American Buildings Co. and one of the many manufacturers who support the VRA extension. I ask unanimous consent that this editorial be printed in the RECORD.

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

[From the Birmingham News, June 29, 1989]

VRA'S HELP U.S. MANUFACTURERS, TOO

(By J.D. Murphy, Jr.)

American manufacturers these days are keeping a close eye on Washington. In the next few weeks, the Bush administration and Congress will act on a policy that will directly impact our ability to compete both here and abroad.

At issue is a trade policy called Voluntary Restraint Agreements (VRAs) which have been instrumental in helping domestic steel producers and steel-using manufacturers become more competitive in the global market. Unless extended, the program will expire in September.

NEED DOMESTIC STEEL TO SURVIVE

American manufacturers need a strong steel industry to supply our needs. But when steel companies were losing billions of dollars earlier this decade—closing plants and laying off thousands of workers—the industry's very existence was at risk, and thus, so too was the competitive posture of the hundreds of manufacturers across our country who use steel.

The problem confronting our country is that foreign governments refuse to play by the rules of the free market. They heavily subsidize their steel facilities, keep a tight lid on imports, and routinely dump their products into our market. Steel VRAs have helped us battle back. They limit the massive amounts of unfairly traded steel entering the U.S. market and they require major domestic steel companies to reinvest just about all of their net cash flow back into steel operations.

Domestic steel producers are now becoming more efficient and thus more competitive in the world steel market. They're investing heavily in new technologies, modernizing plants and equipment and phasing out obsolete plants.

Since VRAs, steel companies have become more reliable—better able to meet manufacturers' long-term product needs. The quality of domestic steel has improved significantly which enables us to use their products more efficiently and thus produce a better product for our customers. Prices too are competitive: They've fluctuated but overall are about the same as they were in the early '80s and generally better than what our major foreign competitors pay for steel at home.

As a businessman, I've always believed that American industry can compete with any country in the world. There's no reason why we can't become the world-class industrial competitor we once were. But what we need is a climate of fair play. Unfair foreign competition deters our growth; it's the germ that infects our entire economic infrastructure.

To give up VRAs without first hammering out a global agreement that bans unfair trade in steel would be a tragic mistake. Rather, the policy should be extended for five years. That would send the strongest possible signal to foreign governments that their unfair trade practices will not go unanswered.

CRITICAL TO ECONOMIC SECURITY

VRA extension would also insure that domestic steel companies continue to invest in new technologies and in the most advanced equipment. This is critical to our nation's economic security, and the future growth of my company and other manufacturers who depend on a fully competitive steel industry. I just hope Washington is listening.

STEALTH BOMBER, A VITAL NATIONAL SECURITY WEAPON

Mr. HEFLIN. Mr. President, I know I speak for many when I express a sense of excitement over the first flight of the B-2 bomber yesterday in southern California. This milestone in the program represents not only a major accomplishment for the B-2, but also a significant landmark in the history of modern aviation.

Myself and many of my colleagues in this Chamber can remember the transition from propeller-driven aircraft to jets. That transition was truly revolutionary and the United States led the world. The B-2 bomber is no less a revolution in aircraft technology and the United States is still leading the way. I congratulate the Air Force and those Members of this body who have worked so hard to bring the B-2 to this important point.

Mr. President, the B-2 is the second part of a cohesive strategy to breathe life back into the manned bomber portion of our strategic Triad. The B-1 was step 1. But we all know when the B-1 came on line that it would not be able to penetrate against a constantly improving Soviet air defense network forever. A second, more capable bomber would be required. That realization resulted in the B-2 we saw fly recently.

I fear that we will now fall off that strategy by failing to continue on with the B-2. Penetrating manned bombers have been at the core of our strategic deterrence for over 40 years. They carry a sizable portion of the U.S. nuclear arsenal. Because they have a crew onboard, they can perform missions that cannot be accomplished by SLBM's, ICBM's or cruise missiles. Manned bombers can be recalled after launch, redirected in flight, react to unexpected defenses in real time, and deliver both nuclear and conventional payloads to any number of targets. Only bombers have these important operational characteristics.

Bombers are the only part of the Triad that have been operationally employed since World War II. We used them in Korea and Vietnam, even though they were as central then to nuclear deterrence as they are now. And, we should use them again if we need them because they are so singularly effective.

Mr. President, much will be said concerning the B-2 Bomber over the next several weeks. I urge my colleagues to remember that we must judge the B-2, and whether or not to go forward with it, by its contribution to both the long- and short-term national security interests of the United States. By that yardstick, the B-2 is an enduring military advantage we cannot afford to throw away.

THE NEED FOR CAMPAIGN FINANCE REFORM

Mr. EXON. Mr. President, we are more than halfway through the year and this particular legislative session. I wish to express my concern again

that a key issue is not getting the legislative attention it deserves. That at least this Senator and, I believe, a majority of my colleagues believe would be necessary.

That issue is campaign finance reform.

The campaign money chase has begun anew around the U.S. Senate and certainly in the House of Representatives. The chase continues because the laws we are forced to operate under virtually require its continuation for political survival. It is time to call a halt to this madness and change our laws now.

Last month, President Bush put forward his campaign finance reform package. The President wants to eliminate most PAC's, but does not favor overall spending limits.

I do not agree with his proposals in toto because they do not get at the heart of the problem which, of course, is spending limits and the amount of money that we are spending on campaigns, but at least the President has joined the debate and laid down his recommendations which deserve consideration. That is more than could be said of the previous administration. With all the players now suited up and seemingly ready to play ball, let us throw the first pitch and get underway.

The real key to campaign finance reform is to limit campaign expenditures. Any other end result simply moves the players around the infield but does not change the nature of the ball game.

Let me review the history a bit. A 1976 Supreme Court decision made it difficult to limit overall expenditures; however, a way has been found to overcome that obstacle. The Supreme Court ruled that campaign expenditure limits are unconstitutional unless tied to public financing similar to the current Presidential system.

I have cosponsored constitutional amendments in the last two Congresses to allow campaign spending limits. However, we cannot wait for the years it would take to ratify a constitutional amendment.

Therefore, I have supported and cosponsored the key Senate bill which would limit expenditures, in Nebraska, for example, to $950,000 in a Senate general election. The spending cap for each State is based on that State's population.

As a matter of reference, Mr. President, the campaign expenditures by the Democratic and Republican candidates in the last senatorial election in Nebraska amounted to somewhere between $6 and $7 million.

Because of the Supreme Court ruling and the need for some tie to public financing of elections, I went to work on a creative way to minimize taxpayer expenditures. I authorized the key change in our Senate bill to make public financing a remote contingency, rather than an automatic feature, which would be used only for a candidate whose well healed opponent breached the limit. In other words, if both candidates abide by the stipulated spending limits in the bill, no public financing would be involved. And I suggest that that is the best way. It would serve only as an insurance policy to force compliance. Under my amendment, taxpayer costs would be eliminated or, at a minimum, greatly reduced. The bill also contains an aggregate limit on PAC contributions in Nebraska, for example, of $191,000.

Our Senate bill not only places limits on campaign expenditures, it also addresses other areas of concern. Campaign spending is not controlled by the candidate's committee alone.

The existing law provides for "independent expenditures" by others over which candidates have little or no control and are not figures in legal limitations. Therefore, our bill tightens up independent expenditures. Television ads paid for by independent expenditures would be required to have that fact continually displayed throughout the broadcast. The same rule would apply to direct mailings.

Our bill would also prevent Members of Congress from converting excess campaign funds for personal use. In fact, the Senate just passed a separate bill which I cosponsored to accomplish this goal.

Additionally, there would be a cap on so-called soft money which can be spent that is based on a State's population. Candidates who abide by expenditure limits would be eligible for lower mailing rates and the lowest rate for broadcast advertising.

Candidates who refuse to abide by the limits would be required to place a disclaimer on all their advertising and materials indicating they refuse to comply.

Therefore, Mr. President, we would have a situation where if one candidate refused to comply with the legal campaign spending limits, which he could do legally, he would be required on all of his advertising to so indicate that he had not and would not comply with expenditure limits in the law. I think that would be a strong, strong, convincing notion, if you will, Mr. President, to the candidate who wants to spend, spend, spend, to elect, elect, elect, to have to advertise on his own expenditure that he was not abiding by the legal limits specified in the law.

This is why there is more to this issue than even placing a cap on expenditures by candidates. The current law has loopholes big enough to drive an 18-wheeler through. Negative advertising blitzes during the last 10 days of a campaign are becoming more frequent. Even if such expenditures are reported after an election, they can hardly be monitored and, if excessive, would not invalidate the election. In fact, the Federal Election Commission is still reviewing complaints left over from the 1986 elections.

This is why I fought so hard for our bill in the last Congress and will do so again this year. It is complete and true Senate election reform, not just a gimmick. It closes loopholes across the board.

The $950,000 cap for Nebraska even seems high and far exceeds what I spent in any of my four statewide campaigns; however, it is a compromise figure I can live with. Each of the candidates in the 1988 U.S. Senate race in Nebraska, as I indicated earlier, spent more than I spent in all four of my successful statewide races combined. That was on the way to a total $7 million campaign in Nebraska overall. Part of this high cost was due, of course, to inflation and to the escalating costs of television, radio and newsprint production and time. Campaign costs have mushroomed primarily because of the negative character assassination techniques that unfortunately have become commonplace, although I have never used them.

Unfortunately, our campaign finance reform bill did not pass last year although a clear Senate majority favored it. We tried unsuccessfully seven times to break a Republican filibuster in the Senate.

That was most unfortunate since that was the last reasonable opportunity to affect the 1990 elections in law. Our bill has been reintroduced this year and I am again a cosponsor of it.

Despite these setbacks, we must begin to address meaningful campaign expenditure limits and other safeguards quickly. The President now has a proposal and we have a proposal what we need is the will to move ahead.

There is room for compromise within the goal of limiting expenditures. Other loopholes must be closed as well and we cannot be hoodwinked. Any other so-called campaign reform is simply phony.

I have also tried to lead the way by personal example. Earlier this year, Senator BOB KERREY and I introduced legislation to limit each Senator to two postal patron mass mailings, or newsletters, per year.

I have also returned over $2.5 million in unused operating funds since coming to the Senate in 1979. In addition to lessening the often-cited power of incumbency, I have done my best to save taxpayers' funds and will continue to do so.

The people want and deserve change. Our system of government will be better for it as well. We need also to set an example for States to follow.

Many, including Nebraska, allow unlimited individual and corporate treas-

ury contributions for local and State elections. Our actions should encourage States to also enact limits to complete this reform package.

Today, I call for the Senate leadership on both sides of the aisle and the President to sit down and negotiate before more valuable time is wasted. I pledge my full and best efforts.

CHANGE IN THE INSURANCE INDUSTRY

Mr. EXON. Mr. President, a significant change recently took place in the insurance industry. It is a change we should be sure to note. The Insurance Service Office [ISO] recently announced that it is ending its past practice of giving advisory rates to its 1,400 participating insurance companies.

In more technical terms, ISO will no longer provide recommended factors for marketing and overhead expenses. Nor will ISO recommend factors for such expenses to be used with ISO's prospective loss costs in deriving insurers' rates. Under the new policy, each individual insurer will be required to evaluate its own expenses, project those expenses into the future, and select its own particular provisions for those expense items.

What this really means is the insurance rate setting process will be more decentralized than in the past. Individual insurance companies will be doing their own calculations when setting rates without being guided from a central source. This is a big change which, hopefully, will have positive results for consumers. This is a big change which addresses concerns by some about the insurance industry. This is a big change for which the insurance industry deserves credit for responding in a constructive good faith manner.

Mr. President, I believe that Congress should monitor the effects of this change closely. In the meantime, I also believe that Congress should allow this a fair chance to work. Its effects should certainly be measured and analyzed before embarking on any so-called reform legislation of the insurance industry, such as opening up the McCarran-Ferguson Act.

COL. WILLIAM J. DICKINSON

Mr. SYMMS. Mr. President, on another matter, I think it is appropriate that today the loss of Col. William J. Dickinson be brought to mind as we discuss these issues of importance to national defense and national security.

William J. Dickinson, a retired Marine Corps colonel, dedicated his life to seeing this country maintain its strength so that it could maintain its freedom.

I extend my sympathies to his family who survive him, his loss of last week, and ask unanimous consent his obituary be printed in the RECORD.

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

[From the Washington Post, July 19, 1989]

WILLIAM J. DICKINSON, MARINE COLONEL

William J. Dickinson, 71, a retired Marine colonel who served in the Pacific in World War II and later had assignments in the White House and on Capitol Hill, died of an aortic aneurysm July 10 at National Hospital for Orthopaedics and Rehabilitation in Arlington.

In 1945, Col. Dickinson, then a young officer, was an aide to President Roosevelt. When the president died in Warm Springs, Ga., he commanded the honor guard aboard the train that brought his body to Washington and later to Hyde Park, N.Y., for burial.

After serving briefly as an aide to President Truman, Col. Dickinson settled in Buena Vista, Va. Recalled to active duty as a Marine Reserve officer after the outbreak of the Korean War in 1950, he remained on active duty until retiring in 1980. During most of that time he lived in Buena Vista and commuted to Washington, returning home on weekends. Other assignments included brief periods in Korea and Vietnam.

On retiring from the service, he went to work for the Federal Emergency Management Agency. In 1981, he became deputy director of the Naval Military Correspondence and Congressional Liaison Office and remained there until his death. He also had worked in that office during his Marine career.

Col. Dickinson was born in South Boston, Va., and reared in Buena Vista. He graduated from the University of Virginia. He was commissioned in the Marine Corps in 1941.

During World War II, he served with the 1st Marine Division on Guadalcanal and New Britain and in other campaigns. His decorations included the Silver Star, three Bronze Stars and the Purple Heart.

Survivors include his wife, Nancy Massie Dickinson of Buena Vista; four daughters, Nancy L. Dickinson of Newark, Calif., Virginia D. Heidel of Stephens City, Va., Jeanie D. Wakefield of Burtonsville, Md., and Martha D. Burner of Charlottesville, Va.; and four grandchildren.

THE HONORABLE MARY T. BROOKS

Mr. SYMMS. Mr. President, I stand before the Senate today to honor a great Idaho lady, an individual who has made an enormous contribution to numismatic history in this country. The person I am referring to is Mary T. Brooks, the former Director of the Bureau of the Mint.

Mrs. Brooks is a graduate of the University of Idaho. She was appointed to the Republican National Committee in 1957 and was elected vice chairman in 1960. She served as a state senator from 1966 until President Nixon appointed her to be Director of the Mint in 1969.

During her tenure as Mint Director the Eisenhower dollar was issued, the Bicentennial coinage was authorized and the 1974 Lincoln aluminum cent was struck. Mrs. Brooks was responsible for introducing the Mint series of Presidential "Mini-medals" and promoted the 10-medal pewter series of "America's First Medals" to commemorate the Bicentennial of the Declaration of Independence.

This year she was the recipient of the American Numismatic Association's Medal of Merit for her many accomplishments in the field of numismatics.

Recently, Mary Brooks made her debut as the author of a column, "Looking Back at the Mint," which appeared in the July 12, 1989, issue of Coin World. In her first column, Mrs. Brooks describes the history of the first Eisenhower dollar including an interesting account of the passage of the bill through the Senate.

I believe that this article entitled "First Eisenhower Dollar Bill Passes Senate Quietly" is of interest to the Senate and to all students of numismatic history. I therefore request unanimous consent that the article be printed in the CONGRESSIONAL RECORD immediately following my remarks.

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

[From Coin World, July 12, 1989]

LOOKING BACK AT THE MINT

(By Mary T. Brooks)

Since the country is about to have another Eisenhower dollar, I will start my reminiscences with the history of the first Eisenhower dollar. Looking back 20 years is a long time.

When I came to the Mint I knew very little about the bureaucracy. I knew very little about the numismatic world but I did have a good understanding of Congress from working in my father's office, Sen. John Thomas, and also from my late husband, Sen. Wayland Brooks of Illinois. I had a marvelous predecessor in Eva Adams who sent me a month's supply of reading material and discussed many things with me.

Almost the first order of business at the Mint was the issuance of an Eisenhower dollar. The new coin was to honor our most beloved soldier statesman for his outstanding contributions to America and the free world. This was to be the first dollar coin produced since 1935. We thought it would be the last silver-clad dollar issued in our history. The decision to make a dollar coin was in response to the public request following the President's death on March 28, 1963.

On Sept. 16, 1970, the Bank Holding Act was passed authorizing the use of 25,500,000 fine troy ounces of silver from the stockpile to be used for the coinage of $1 pieces as authorized in the Coinage Act of 1965. These dollars were to bear the likeness of the late President of the United States Dwight David Eisenhower. I had known Ike personally and I was thrilled to have this project to launch.

Everyone in the Treasury was excited. Some even wanted to charge $20. We envisioned millions of people clamoring for the new coin both in the silver-clad and the copper-nickel. How wrong we were! The price of the Proof dollar was argued from the top to the bottom at Treasury. It was natural that Frank Gasparro, our chief engraver, do Ike's portrait. He had been our chief sculptor and engraver since 1965. (The reverse was the eagle landing on the moon.)

We decided to produce 20,000,000 Proof and 130,000,000 Uncirculated coins. Immediately when this news was out we began to get complaints from the public about the $10 price on the Proof coins. However, we went blithely ahead with our plans. I used to wake up in the middle of the night believing I was going to be buried under an avalanche of mail—all of it about our new dollar coin.

It was late in December that the bill was passed by a vote on the Senate floor at 8 o'clock at night with about five people on the floor. As I sat in the gallery watching the passage of my bill I thought how strangely history is made. This bill was passing with almost no one being aware. This bill authorized the first dollar to be minted since 1935!

On Dec. 9 the bill for production finally went to President Nixon for his signature. He didn't sign the bill until the last day of 1970. It would be impossible to hold a press conference on New Year's Day and I desperately wanted the country to know that we had been authorized to make the Eisenhower dollar.

I called Mamie Eisenhower at Gettysburg and asked if I could bring a photographer and the galvanos of the proposed dollar down to her at Gettysburg. She warned me that the wind was blowing and the snow was drifting and we might not be able to get to the farm house. I had lived a long time in snow country, I had a heavy car with snow tires so I went ahead. I took Roy Cahoun, Larry Stevens, my secretary (Mike Siebert), her husband (Val) and Bobbie Kendall.

Mrs. Eisenhower had most of her family there, so we were able to present her the framed galvanos, and got some lovely pictures. She was a very private person so it was a great privilege to see her in her home.

ILLEGAL DENKTASH REGIME COMPOUNDS ITS CRIMES

Mr. PRESSLER. Mr. President, many Greek-Americans and Cypriot-Americans from South Dakota and throughout the Nation are alarmed by the situation in Cyprus today. I share their concern regarding this potentially explosive situation.

Last week, when 1,000 Greek-Cypriot women crossed into the U.N.-patrolled buffer zone to protest the 15-year-old Turkish occupation of northern Cyprus, Turkish-Cypriot leader Rauf Denktash threatened to cut off U.N.-sponsored reunification talks unless the protest was disbanded. The 2-day protest was scheduled to end Thursday. Unfortunately for all of Cyprus, events surrounding the protest took a drastically violent turn. Armed Turkish soldiers charged into the buffer zone. Four protestors were injured and 111 were arrested—including 100 women, a Greek Orthodox bishop, and three Western reporters. Those arrested were forced to appear in Turkish courts but the charges against them were not disclosed. Thousands more now have joined in protest of the violence and arrests. Cypriot President Vassiliou and the Parliament of Cypus have called emergency sessions to discuss responsible solutions to the situation.

At present, those arrested are believed to be safe and U.N. observers are present. President Vassiliou has asked the United Nations to seek the immediate release of those arrested. I believe that the United States Government must act with expediency to send a clear message to Ankara stating that Turkish-Cypriots must be dissuaded from military actions and that those arrested in the Cyprus buffer zone must be released immediately.

The United States has always felt a responsibility to protect the personal rights and freedoms of repressed people, wherever they live. The condemnation of human rights violations has and continues to be a major policy of our Government. Therefore, the United States stands opposed to the recent actions taken by Mr. Denktash's troops against Greek-Cypriots. It is my fervent desire that the Cyprus problem be resolved quickly so that all Cypriots will be able to return to their homes and live peacefully.

Mr. President, I ask unanimous consent that a letter from Senator PELL, Senator SARBANES and myself appear in the RECORD following my remarks. Our letter was sent today to Secretary of State James Baker.

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

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC, July 24, 1989.

Hon. JAMES A. BAKER III,
Secretary of State,
Washington, DC.

DEAR MR. SECRETARY: We are writing to ask you to seek the immediate and unconditional release of the 98 Greek Cypriot women and 2 priests who are currently being held by Turkish Cypriot authorities in northern Cyprus. These individuals were illegally seized by the Turkish Cypriot security forces after they entered a chapel in an old Catholic school in the United Nations' buffer zone. The United States should protest this Turkish Cypriot action in the strongest terms. The United Nations forces (UNFICYP) have exclusive jurisdiction over the buffer zone and Turkish Cypriot forces have no authority to operate within that area.

Over the past weekend, Turkish Cypriot authorities have demanded that the women and priests pay fines or spend additional time in prison. All of these individuals have refused to pay the fines not only because they have been wrongfully detained, but because any recognition of the jurisdiction of the Turkish Cypriot courts might imply recognition of the so-called "Turkish Republic of Northern Cyprus." These individuals should not be forced to choose between spending additional time in prison and taking actions which imply recognition of the so-called "TRNC"—recognition that has not been granted by any country except Turkey. We urge you to take urgent action to gain their release.

In addition to helping gain the release of these individuals, we hope the State Department will urge the U.N. to take immediate steps to prevent such a crisis from erupting in the future. The United Nations has long protested Turkish Cypriot efforts to encroach upon the buffer zone, but has not taken firm steps to prevent Turkish Cypriot advances. If such incidents are to be avoided in the future, the U.N. should clearly demarcate the area of the buffer zone.

Finally, the United States should do everything possible to prevent this incident from jeopardizing the ongoing talks on Cyprus. Those talks have reached a critical stage and we should encourage the parties not to abandon their efforts as a result of the current crisis.

Sincerely,

LARRY PRESSLER.
PAUL SARBANES.
CLAIBORNE PELL.

RENEWAL OF THE STEEL VOLUNTARY RESTRAINT AGREEMENT [VRA] PROGRAM

Mr. ROCKEFELLER. Mr. President, the President will be announcing his new steel policy shortly—perhaps as soon as tomorrow. I can not overestimate the importance of this decision. As chairman of the Senate Steel Caucus, I introduced with my cochair, Senator HEINZ, S. 378, a bill to extend the President's authority to enforce VRA's for 5 more years—this authority expires September 30. We have been anxiously awaiting his decision. In fact, I find it unfortunate that we still don't have a decision from the President yet, in late July.

A great deal has been written in the press and editorial pages about the pending expiration of our current steel policy. What is too often unnoted is that a total of 55 Senators have joined Senator HEINZ and myself as cosponsors of the bill to extend the VRA's for another 5 years—demonstrating strong, bipartisan support in the Senate for this program.

Congressman JACK MURTHA, chairman of the House Steel Caucus, has introduced an identical bill, H.R. 904, and he has 246 cosponsors. Clearly, there is strong sentiment in both Houses in favor of an extension of this successful program. As President Bush said in his letter to Senator HEINZ last November, "a comprehensive VRA Program has proven to be more effective in offsetting unfair trade practices than trying to counter these practices on a case-by-case basis." That is precisely the point.

Since World War II, world steel trade has been characterized by Government intervention in the marketplace. This is what brought about the VRA Program in the first place in 1984. It was created by President Reagan in 1984 to reduce the amount of subsidized and dumped imports coming across our borders. We—the administration and Congress—finally stepped in to do something about the devastating effects of these practices on our own workers and communities. We moved to stop allowing foreign governments to dictate the shape of America's industrial economy.

The VRA Program is working. Even the most die-hard critics acknowledge that America's steel industry has restructured, reinvested, and modernized. Continuous casting, one of the leading-edge technologies involved in modernizing the industry, is up from 20 to 65 percent and heading toward 100 percent. Productivity is up—with increases averaging 8 percent a year this decade. Prices are lower on average in the United States for domestic steel than for European or Japanese steel. Capacity was reduced by over 40 million tons and almost 250,000 jobs were slashed.

This restructuring was essential to the survival of the industry—from 1982-86, the industry suffered $12 billion in losses, and even today, 15 percent of the industry remains in bankruptcy.

And VRA's are critical to the industry's ability to attract the moneys it needs to continue its reinvestment program—estimates are that $2 billion a year will be required to continue modernizing efforts. For example, Weirton Steel in my State is embarking on an ambitious $650 million, 5-year improvements program which will make its steel 100 percent continuously cast. Wheeling-Pittsburgh Steel, also in my State, is still in chapter 11, and improvements at Wheeling-Pitt may cost close to $2 billion. These investments must be made to prepare for the competition in the 21st century.

And, in the meantime, as President Bush realizes, other countries have continued their unfair practices. Let me point out a few examples that have come to my attention just since the President committed to extending VRA's in November of last year:

First. EEC approved French $255.5 million steel subsidy: Just 2 weeks ago, the European Economic Community [EEC] approved France's plan to grant a $255.5 million subsidy to Usinor-Sacilor. This subsidy comes on top of the $9 billion in subsidies already provided to Usinor-Sacilor this decade.

Second. EEC approved Italian $3.8 billion steel subsidy: In December 1988 the EEC approved the Italian Government's plan to give $3.8 billion to the state-owned Finsider Steel Co. The EEC is currently considering an additional $2 billion subsidy request, which would bring total subsidies to Finsider to more than $15 billion during the 1980's. Despite such heavy subsidization, Finsider lost $11 billion from 1976 through 1987.

Third. Brazil proposes $714 million subsidy: This month, Brazil has proposed to bail out CSN, Brazil's state-owned steel company, which has been stricken with lobor unrest and unserviceable debt obligations. CSN is part of a state-run holding company, Siderbras, which was forgiven $12.2 billion in debts by the Government.

Fourth. West Germany forgives $374 million of debts: In April 1989 the West German Government forgave a steel company, Arbed Saarstahl, from paying $374 million in obligations owed to the Government. Interestingly, the West German Government in 1987 protested EEC subsidies to French and Italian steel companies.

Fifth. EEC approves Spanish subsidy/loan package of more than $600 million for carbon and specialty steel producers: Earlier this year, Spain received EEC approval for a package of direct subsidies and cut-rate loans totaling more than $600 million for Spanish steel companies.

Sixth. British Steel is privatized on concessionary terms: In December 1988 British Steel Corp. was privatized for $4 billion, after having received $12 billion in subsidies since 1975, and having had Government investments of $1.1 billion written off its books.

Seventh. EEC approves Portugal's subsidy for modernization plans: In May 1989 Portugal received EEC approval for a program to continue modernization of its state-owned steel facilities which includes EEC loans and Government equity infusions.

It is not in our national interest to unilaterally disarm by ending the VRA Program prematurely. An article appeared in the Wall Street Journal last month entitled "Steel Industry Boom Set To Go Bust." The article points out that excess capacity still exists in the world and quotes several experts as predicting a downturn in the second half of this year. And it is in a downturn when the VRA's become critical—when world-wide and U.S. demand go soft, the temptation to sell subsidized and dumped steel in the United States becomes irresistible.

We must renew the VRA Program. Steel is the backbone of our manufacturing base. Giving up the VRA Program without hammering out an international agreement eliminating unfair trade practices in steel would be a tragic mistake. VRA's must be the stick that gets our partners to the negotiating table to rid the world marketplace of Government intervention in steel. I urge the President to honor his commitment to the steel industry and its workers, and to renew the VRA Program for the next 5 years while we strive to reach a truly international consensus for free trade in steel.

I ask unanimous consent that the Wall Street Journal article be printed following my statement.

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

[From the Wall Street Journal, June 27, 1989]

STEEL INDUSTRY BOOM SEEMS SET TO GO BUST

(By Clare Ansberry)

PITTSBURGH.—The party appears over for major U.S. steelmakers.

In the past two years, bellwether U.S. producers like USX Corp. and Bethlehem Steel Corp. have ridden a wave of economic prosperity, buoyed by favorable foreign-exchange rates, concessionary labor pacts, and import restraints. At the same time, their major automobile and construction-industry customers lapped up steel as fast as the streamlined plants churned it out.

But "the boom has peaked out," contends the Rev. William T. Hogan, an industrial economics professor and steel expert at Fordham University. Indeed, domestic steel shipments this year are expected to drop 3.6 percent to about 81 million tons from 84 million tons in 1988. Much of the decline is driven by the sluggish automotive market, which isn't expected to accelerate soon.

Since Jan. 1, prices of certain critical raw materials have risen, while many steel prices have flattened or actually dropped. And that is coming as employee costs—fueled by recent or anticipated new labor accords—are on the upswing. Even the recent turmoil in China, which imports between 10 million and 15 million tons of steel a year, bodes ill for the industry.

UNANSWERED QUESTIONS

The unanswered questions: How steep will the decline be, and how long will it last? Each week, steel producers, economists and customers seem to vacillate between optimism and pessimism debating just those issues.

Father Hogan, for one, doesn't foresee any precipitous drop and, indeed, envisions a possible recovery at the end of the fourth quarter. On the other hand, John Corey, Armco Inc.'s chief economist, says the steelmaker's internal forecast favors some "kind of mild recession" for steel starting late this year or in early 1990. Factors, he explains, are the sheer length of the current expansion, the longest in the post-World War II period, and the dollar's strength in the spring, which damps demand.

A few wild cards could change the picture. If the industrial world's economy continues to boom, and the dollar and interest rates fall, Mr. Corey says he may change his steel outlook to a "soft landing" rather than a mild recession. "We might have a quarter of negative or no growth but not a recession," he says.

Industry expert Peter Marcus predicts "a new period of fierce restructuring" in the industry. The PaineWebber Inc. analyst contends the technology revolution sweeping steel, coupled with wild pricing swings, will precipitate a shakeout.

"You're not going to see bankruptcies, but people will be abandoning plants and "the structure of this industry is going to be highly volatile."

Says one steel executive, "We're in for a period of slower growth and some retrenchment. You can't run the industry near capacity forever."

SIGNS OF CHANGE

The signs of change are evident. Domestic steel shipments, while higher for the year, retreated in April from a nine-year high, according to the American Iron and Steel Institute, with a 6.1-percent drop recorded for steel service centers and distributors. One trade group, the Precision Metalforming Association, reports a 7-percent slide in April bookings and Greg Estell, government relations manager there, says he'd be surprised if May was any different.

Steel service centers, second only to the Big Three domestic auto makers in terms of steel consumption, worry about inventories

creeping upward for the fifth consecutive month, while average daily shipping rates dropped 3.9 percent.

"With some products, the problem is that there's simply too much steel chasing orders out there," says Andrew Sharkey, the president of the Steel Service Center Institute. Indeed, overall production in the Western world has increased an estimated 20 percent since 1987, while demand has increased only 10 percent to 12 percent, according to PaineWebber. Inventories at U.S. steel mills have been on the rise every month since July 1988, putting one industry barometer—inventory and unfilled orders relative to shipments—at the highest level since early 1987.

That, in turn, squeezes margins and prices. Operating profit from steel segments at major producers dropped 8.9 percent to $663 million in the 1989 first quarter from $722 million a year ago, even though sales rose 3.8 percent to $8.2 billion from $7.9 billion.

DROP IN SPOT PRICES

Already, there's some indication that spot prices on hot-rolled unprocessed sheet have decreased about 3 percent to 7 percent, even after a $15-a-ton second-quarter increase didn't stick. Armco's Mr. Corey sees as much as a 5 percent drop in certain spot prices over the next six months. At four of its six merchant, or small bar, plants. Nucor Corp., a leading minimill, cut its selling price $20 a ton from about $320 to $340 a ton on 40 percent of its products according to an analyst. Specialty Steelmaker J&L Specialty Products Corp. gave price breaks on certain stainless plate products even though that risks loss of profits and alienation of customers stuck with higher-priced inventory. Its rivals which had pledged to stand firm on prices, last week reluctantly followed suit.

Some of the downward pressure on prices comes from the stronger dollar this year, which erodes steelmakers' and their export quotes have dropped on average to about $415 a ton from $450 a ton in recent weeks, according to PaineWebber's Mr. Marcus. The dollar sank last week, but yesterday started climbing again.

Still, the outlook for galvanized and other higher-priced products continues strong. Christopher Plummer, who follows steel for the WEFA Group, expects steel demand to weaken somewhat but not drastically. He notes the current high level of unfilled factory orders and the expected 6 percent rise this year in capital spending by manufacturers. While such outlays would fall below last year's 10% increase, they would be strong nonetheless.

Industry seers don't expect an industry-wide collapse as occurred in the early and mid-1980s. Steelmakers have closed unprofitable plants, adopted money-saving technology, and diversified into non-cyclical businesses. Inventories are much lower than in the early 1980s, so that even if there is a recession the impact would be milder.

"Believe it or not, even in a severe recession, we think most steelmakers would stay profitable," contends analyst Charles Bradford, with Merrill Lynch Capital Markets.

CARL YASTRZEMSKI'S INDUCTION INTO THE BASEBALL HALL OF FAME

Mr. KENNEDY. Mr. President, it is a source of pride to all of us in Massachusetts and throughout New England that Fenway's finest, Carl Yastrzemski, was inducted into the Baseball Hall of Fame yesterday in Cooperstowns, NY.

For years, Boston and the entire baseball world were awed by the incomparable Yaz and his 23 magnificent seasons with the Red Sox. With achievement after crowning achievement, he molded an athletic record that may never be equaled in baseball again. His election and induction into the Hall of Fame represent a well-deserved culmination of his brilliant career.

It is said that great teams win the World Series, but only the greatest players go to the Hall of Fame. What a remarkable distance Yaz has traveled—from a young child hitting potatoes with a stick behind the family barn, to one of the greatest left fielders of all time. His brilliant hitting and equally brilliant mastery of the Green Monster at Fenway Park have now earned him the highest accolade that any professional baseball player can receive—induction into the Hall of Fame.

There is something else about Yaz that needs to be said. Although he is a legend for his achievements on the field, he deserves equally high reknown for the dignity, grace, and character with which he performed both on and off the field. There seem to be many sports stars these days, but few sports heroes. But Carl Yastrzemski is both—he is an authentic hero and role model—not only for generations of young baseball fans but for citizens of all ages in all walks of life. And that may be the greatest of all his achievements.

I commend Carl Yastrzemski and the entire Yastrzemski family for this happy occasion in their lives. He has been that rarest of all baseball players—a diamond of the diamond. His career is now enshrined for all time in the hearts of his fans and in the Hall of Fame.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, the time for morning business has expired.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEARS 1990 AND 1991

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 1352, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 1352) to authorize appropriations for fiscal years 1990 and 1991 for military functions of the Department of Defense and to prescribe military personnel levels for such Department for fiscal years 1990 and 1991, and for other purposes.

The Senate proceeded to consider the bill.

Mr. WIRTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

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

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

The Chair recognizes the Senator from Illinois, Mr. DIXON.

(The remarks of Mr. DIXON pertaining to the introduction of S. 1379 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. NUNN. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is S. 1352.

Mr. NUNN. Mr. President, I am pleased to bring before the Senate, S. 1352, the National Defense Authorization Act for Fiscal Years 1990 and 1991. This bill provides the authorization required in law for almost all of the major functions under the jurisdiction of our Committee on Armed Services, including the activities of the Department of Defense; the Department of Energy Nuclear Weapons Programs; and the Military Construction Program.

Two years ago at the beginning of the 100th Congress, the Armed Services Committee reported the first 2-year authorization bill for the Department of Defense. President Reagan submitted a 2-year budget request for the Defense Department in January, and President Bush's budget amendment in April endorsed this biennial approach for fiscal years 1990 and 1991. This year the committee again recommends authorization of national defense programs for a 2-year period.

The committee's work on the second-year of this 2-year budget was made more difficult by the fact that the April budget summit agreement between Congress and the President covered only 1 fiscal year, fiscal year 1990. Without agreement between Congress and the administration on an overall National Defense figure for fiscal year 1991, the committee was not able to authorize the total National Defense Program for fiscal year 1991. However, we continue to believe that 2-year budgeting will not only improve congressional oversight of defense programs but also achieve long-term savings and better management as the Defense Department stabilizes its planning and procurement.

For fiscal year 1990, the bill reported by the committee authorizes programs

totaling $305.5 billion in budget authority, the level agreed to in the budget summit agreement. For fiscal year 1991, the committee has approved 85 percent of the defense authorization request. The committee focused its work on the second year of the budget request on stable, noncontroversial programs, and activities. Programs and activities not authorized for fiscal year 1991 were not done so with prejudice as to their merits.

BUDGET IMPACT OF THE COMMITTEE BILL

Mr. President, the committee believes that the bill before the Senate today meets the budget authority target of $305.5 billion and the outlay target of $299.2 billion contained in the bipartisan budget agreement and the fiscal year 1990 budget resolution.

Most Members are aware that the Congressional Budget Office has estimated that outlays for the Defense Department in the amended fiscal year 1990 budget will be $3.8 billion higher than the administration estimate and the outlay level in the bipartisan budget agreement. I have urged the leadership of the Senate as well as people at the White House to get CBO and DOD together, as well as OMB, discuss why this estimating difference exists, and to see if some resolution is not possible.

This continuing technical scoring difference threatens to cause major disruptions in our national security policy. Since it is virtually impossible to hit both the budget authority and outlay target as estimated by CBO in the bipartisan budget agreement, we faced two equally unpleasant prospects in marking up this bill. One choice, either cutting fiscal year 1990 defense budget authority by $8 to $10 billion below the level of the bipartisan budget agreement to get the necessary $3.8 billion in outlay savings; or cutting faster-spending accounts, which are personnel, operations, and maintenance, and adding funds to slower spending investment accounts. This approach would let us meet both the budget authority and outlay target of the bipartisan budget agreement, but it would also drastically reorder our defense priorities in ways no one would support.

We believe the committee bill solves this dilemma by putting a mandatory, legal ceiling on expenditures or outlays in the Defense Department for fiscal year 1990. This binding expenditure ceiling will force the Defense Department to manage its obligations in order to live within the outlay target of the bipartisan budget agreement and the fiscal year 1990 budget resolution. The Defense Department has maintained all along that their budget for fiscal year 1990 meets this outlay target—this provision will simply make sure that they live up to their word.

COMMITTEE PRIORITIES IN THE MARKUP

Mr. Presdient, we are reaching a point where unless we have some common sense applied to this problem we are becoming very counterproductive in our budget approach.

For instance, it would be very easy for the committee to meet the budget authority and the outlay targets given to us by the leadership of the Congress and the White House if we, for instance, put in three or four new ships that spend out at a very slow rate, over 6 or 7 years, which would obligate the taxpayers of this country for a lot more in future years in defense expenditures while at the same time cutting the pay or cutting the operations and maintenance, which are fast-spending accounts.

We could meet the budget authority and outlay targets by doing that, but it would be counterproductive to our national security and also counterproductive to deficits in future years. We would be increasing the deficits in future years in order to meet an outlay target in this year.

I want to commend Secretary Cheney for the approach that he took in meeting the targets of the bipartisan budget agreement. He realized that the budget pressures facing the Defense Department required a long-term, multiyear approach and could not be dealt with simply on a 1-year basis. This long-term approach is essential if we are to bring the strategy and programs of the Defense Department back in line with fiscal reality.

Secretary Cheney's priorities in this budget were ensuring the continued well-being of our uniformed personnel; preserving the gains in readiness and sustainability of our forces, even if it means reducing their overall size; maintaining efficient production rates of weapons systems, even if major procurement programs must be terminated; and continuing the modernization of our strategic land-based missiles.

The authorization bill reported by the committee endorses these priorities. The committee's actions are described in detail in Senate Report 101-81, which accompanies S. 1352. I want to take a few moments to summarize some of the committee's actions in this bill.

PROGRAM TERMINATIONS

For several years the committee has criticized the Department of Defense for stretching out procurement of many weapon systems. Too many programs were initiated when budget projections were unrealistically high in the early 1980's. In the face of tighter budgets, previous administrations chose to stretch out procurement, exacerbating the enormous inefficiencies in many of our major weapon production lines. The fewer numbers produced, the higher the unit costs.

Secretary Cheney took a controversial step in his amended budget request by recommending termination of eight major new weapon systems.

Not really new, but they are being terminated at a time where they are producing new units and these are, of course, very controversial cuts. They are: V-22 tiltrotor, F-14 D (new production), F-15E (after fiscal year 1991), AH-64 (after fiscal year 1991), Army Helicopter Improvement Program, M88 Recovery Vehicle, SSN-688 submarine, and the Phoenix missile (after fiscal year 1990).

These program terminations represented $3 billion, or 30 percent, of the budget savings Secretary Cheney had to achieve in fiscal year 1990, and 28 percent of the total savings made by the Defense Department in the amended budget request over the 5-year defense plan.

The committee spent considerable time debating and reviewing these programs. We concluded that all of them, with the exception of the V-22, should be terminated as recommended by Secretary Cheney.

With respect to the V-22, the committee provided $255 million of research and development funds in fiscal year 1990 to complete the flight test program for the V-22.

I have heard a lot of people say there is commercial potential there. I hope there is. But that potential will never be realized if the program is not completed in terms of flight testing.

(Mr. FORD assumed the chair.)

Mr. NUNN. If a substantial commercial market for the V-22 is demonstrated, and if a number of other questions posed by the committee are answered satisfactorily, the committee will reconsider the issue of whether the program is affordable for our defense needs.

Mr. President, the committee voted by a wide, bipartisan margin to support these program terminations. Unless the Senate gives us different instructions during the debate on this bill, we intend to strongly argue the committee position in conference with the House, since the House has added many of these terminated programs back into the budget.

STRATEGIC FORCES AND NUCLEAR DETERRENCE

The committee carefully reviewed the amended budget request for strategic forces this year, particularly the programs that make up our strategic triad and the Department of Energy's defense programs. Meeting the Department of Energy's environmental restoration needs required a transfer of funds from Department of Defense strategic programs, which added to the difficulty of sustaining the strategic modernization program within an already constrained budget.

The committee approved funds as requested by the administration for the modernization of the land-based ICBM force and for the Trident sub-

marine programs. The committee increased funds for the procurement of Trident II missiles to bring the production rate closer to the level requested by the Navy 2 years ago for fiscal year 1990.

The committee established a comprehensive set of restrictions on the obligation of funds for the procurement of B-2 aircraft in the current low rate initial production phase. These restrictions are tied to demonstrated flight milestones, such as first flight, completion of the initial block of flight testing, and initiation of low observable testing. The committee reduced the procurement funding requested for the B-2 by $300 million in fiscal year 1990, and directed a clarification in the process by which responsibilities for correction of deficiencies in the production of the aircraft, if any, are determined.

For the advanced cruise missile, the committee fenced funding until the missile demonstrates improved flight test performance. The committee also applied the "fly-before-buy" principle to the B-1 modification program by limiting modifications to the aircraft's electronic countermeasures system to six aircraft, and mandating a flight test program as a condition for further modifications to the aircraft fleet.

The committee authorized a total of $4.5 billion for the strategic defense initiative research in the Defense and Energy Departments, a reduction of $66 million from the combined amended budget request. The committee again extended the restriction on SDI development and testing which requires the Defense Department to conduct SDI consistent with the plan it submitted to Congress this year. In a hearing last month, administration witnesses testified that the plan would not involve any development or testing under the so-called broad interpretation of the ABM Treaty.

In the national security programs of the Department of Energy, the committee provided $418 million above the budget request for environmental restoration and waste operations activities to speed the cleanup of the extensively contaminated facilities in the nuclear weapons complex.

The amount of $418 million is a lot of money, but this is only a small down payment on the bills that we face in cleaning up the nuclear mess that has accumulated over the years.

The committee also added $100 million to the budget request to fund the creation of a new program to accelerate the development of innovative cleanup technologies, for a total of $1.819 billion in waste cleanup accounts.

Additional environmental, safety and management provisions recommended by the committee include establishment of a Presidentially appointed Blue Ribbon Task Group to review the long-term funding of and requirements for environmental restoration and defense waste activities; special personnel management authority for critical DOE positions; regular reporting requirements for major national security programs; 5-year planning for all DOE defense programs; authorization of a management training program; and recognition that environmental restoration is one of the major missions of DOE's national security programs.

Mr. President, these environmental, safety and management provisions, along with authorization of $1.8 billion in cleanup funds, were reported as a separate bill by the committee and will be offered as an amendment to this bill.

We are doing that for several reasons, but one of the reasons is we want everyone to focus on this cleanup problem and focus on the amount of money that is going to be required over the long haul for this major effort.

In the nuclear materials programs, the committee fully funded the new production reactor program. The committee also reduced funding for the special isotope separation [SIS] project by $75 million in recognition of the Secretary of Energy's decision to prepare an environmental impact statement on the SIS test facility, delaying the construction program by at least 1 year. The committee further required that the Secretary of Energy certify that the SIS technology has been proven and that all environmental requirements have been met before construction funds beyond those authorized in the bill are obligated.

I want to commend Senator EXON and Senator THURMOND for their strong and capable leadership of the Subcommittee on Strategic Forces and Nuclear Deterrence.

CONVENTIONAL FORCES AND ALLIANCE DEFENSE

In the area of conventional programs, the committee made a comprehensive effort to restore major stretch-outs in munitions programs; we will be having an amendment on that one this afternoon; to accelerate the Army's efforts to recapture U.S. advantages in the armor-antiarmor balance; and to implement needed changes in tactical aviation.

The committee concluded that the reductions in advanced conventional munitions proposed in the budget are militarily unwise and economically unsound. The Commanders in Chief from the principal war-fighting commands face serious shortages of these critical weapons. In addition, the proposed cuts in missile production would have raised unit costs and nullified any benefits from dual-source competition. The price of five key munitions programs, for example, increased by 19 percent in fiscal year 1990 because of program stretchouts. As a result, the committee authorized an increase in the fiscal year 1990 purchase of the Army Tactical Missile System [ATACMS], Hellfire, Stinger, Multiple Launch Rocket System [MLRS] rockets, TOW, and HARM missiles. This munitions initiative was reported by the committee as a separate bill and will be offered as an amendment to this bill, and indeed I hope we will be voting on that later this afternoon.

The committee also reaffirmed its commitment to help the Army improve its armor-antiarmor capability. The committee added funds for the block II M-1 tank upgrade program; the Heavy Forces Modernization Program; research and development of electromagnetic gun technology; and the use of the fiber optic guided missile for antiarmor missions.

The committee found that the Army and the Marine Corps emphasize research and development of sophisticated weapons systems at the expense of weapons and equipment for the individual soldier and marine. The committee believes that the effectiveness of our Nation's foot soldiers can be significantly increased through more aggressive efforts to identify and purchase, as well as develop, better weapons and equipment for our soldiers and marines. These efforts should include surveying foreign armies and commercial sources for items that can be procured off the shelf.

We do not have to invent everything and have Army specifications or Marine specifications for every piece of equipment. We need to go ahead and make decisions and get some good equipment out there to the people who have to do the fighting if there ever is a war.

The committee authorized $30 million in research and development funds for the Army and Marine Corps to develop lighter, more lethal infantry weapons; better, lighter antiarmor weapons; and improved field gear and equipment.

The committee also continued its emphasis on improving equipment for the Reserve and National Guard. The committee approved $397 million for additional equipment in this area above the amount requested in the budget.

These two initiatives—the Soldier/Marine Enhancement Program and the Reserve and National Guard procurement initiative—were reported as separate bills by the committee, and will be offered as amendments to this bill during the course of the debate.

Senator LEVIN and Senator WILSON, the chairman and ranking member of the Subcommittee on Conventional Forces and Alliance Defense, deserve a great deal of credit for their hard work in this area.

PROJECTION FORCES AND REGIONAL DEFENSE

The committee recommended authorization of $23.5 billion for programs within the jurisdiction of the Projection Forces and Regional Defense Subcommittee, the same level as the amended budget request.

For programs other than fleet ballistic missile submarines, the committee recommended $8.4 billion in the Navy shipbuilding and conversion account for the construction of 16 ships and the conversion of 2 others. Ships authorized for construction were one 688-class submarine; five DDG-51-class guided missile destroyers; three mine countermeasures ships; one MHC-51-class coastal minehunter; one cargo variant of the LSD-41-class landing ship dock; one TAGOS ocean surveillance ship; one AOE-6-class fast combat support ship; and three AGOR oceanographic research ships. Fourteen landing craft air cushion vehicles were recommended for authorization.

Advance procurement for one fast sealift ship was recommended, as well as advance procurement for two SSN-21-class submarines and one LHD-1-class amphibious assault ship. Authorization of funds was recommended for the aircraft carrier *Enterprise* service life extension program and for the jumbo conversion of one fleet oiler. Funds to provide a moored training ship for nuclear propulsion plant training were recommended as well.

For strategic airlift, the committee recommended authorization of $885.2 million in research and development and $1.42 billion in procurement for the C-17 transport aircraft program. Six aircraft will be procured in fiscal year 1990.

Finally, funding for research and development programs and procurement of equipment for special operations forces were recommended as requested.

I want to commend Senator KENNEDY and Senator COHEN, the chairman and ranking member of the Projection Forces Subcommittee, for their leadership in this important area.

DEFENSE INDUSTRY AND TECHNOLOGY

The committee's review of the Defense Department's technology base and industrial preparedness program indicated that, while there have been some improvements, there remains a lack of clear priorities, insufficient long-term planning, and inadequate funding in this area. The committee is concerned that unless these trends are reversed, the Department, and the supporting defense industrial base, will not be capable of either developing or producing the weapon systems needed to meet future threats.

As in past years, the committee is recommending increased funding for several important technology programs, including digital gallium arsenide; high temperature superconductors; high resolution displays; high performance computers; manufacturing technology; concurrent engineering; and x-ray lithography. A total of $296 million was authorized to continue the balanced technology initiative to develop and deploy revolutionary conventional weapons technologies. The committee believes these programs have excellent potential to make a significant impact on the capabilities of future weapon systems.

The committee remains concerned over the ability of the Defense Department laboratories to adequately support the technology base and weapons system acquisition process. The committee bill directs the Secretary of Defense to establish demonstration programs in each service to evaluate laboratory performance gains where laboratory management is given greater flexibility, authority, and accountability.

Confidence in the ability of the Defense Department to develop and acquire new weapons has been repeatedly shaken as a result of cost overruns, delays, defective products, fraud, and difficulties in attracting and retaining quality people to the acquisition work force. In 1986, the Packard Commission described the system as "fundamentally ill" and prescribed a series of reforms to streamline the acquisition process. This year the committee received disturbing testimony about deficiencies in the Department's implementation of the Packard Commission reforms. Little progress has been made in streamlining the acquisition process, making greater use of commercial products, and improving the responsiveness of the Department's regulatory reform process.

The committee is recommending a number of provisions to address these problems, including measures concerning simplification of the source selection process; use of streamlined procedures for procurement of "off-the-shelf" items; consolidation of reporting requirements; development of uniform rules on the treatment of sensitive procurement information; and revision of the Defense Enterprise Program concept to promote procurement reform.

Witnesses at the committee's hearings on defense acquisition policy consistently stressed the need to give the highest priority to acquisition personnel reform. This bill includes provisions establishing alternative personnel management demonstration programs; providing the Secretary of Defense the authority to remove the pay cap now imposed on former military personnel who choose to work as civilians for the Department; authorizing special pay for a limited number of scientists and engineers in critical positions; and requiring the Department of Defense to issue rules clarifying the impact of various postemployment restrictions on DOD personnel.

I want to commend Senator BINGAMAN and Senator WALLOP for the outstanding leadership of the Subcommittee on Defense Industry and Technology which overseas these critical areas of our defense effort.

READINESS, SUSTAINABILITY AND SUPPORT

This area of the Defense budget includes the operation and maintenance accounts; spare parts and ammunition procurement; defense stock funds; and military construction and family housing. The budget request included a total of $108.8 billion for these activities in fiscal year 1990, and the committee bill authorizes the full amount requested.

In reviewing the budget request in this area, the committee identified those programs where funding shortfalls will cause readiness and sustainability problems in the future, and, where possible, found offsets in lower priority programs to increase funding in these areas. The committee approved increases above the amendment budget request for Army, Navy and Air Force depot maintenance programs; for supply activities; for ammunition; and for spare parts to repair the extensive damage to the Army helicopter fleet sustained during the severe storm at Fort Hood, TX, on May 13, 1989.

Funding for overseas military construction programs was reduced in light of uncertainties over future overseas deployments of U.S. forces. The bill reported by the committee authorizes $300 million in fiscal year 1990 and $500 million in fiscal year 1991 to begin the process of closing and realigning military bases in line with the recommendations of the Commission on Base Realignment and Closures.

Senator DIXON and Senator GORTON, the chairman and ranking minority member of the Subcommittee on Readiness, Sustainability and Support, deserve a great deal of credit for their strong efforts to preserve the readiness and sustainability of our military forces.

MANPOWER AND PERSONNEL

The committee's actions on manpower and personnel were guided by the general philosophy that it should support the hard choices the Secretary of Defense had to make in arriving at the amended budget level. The committee sought to ensure that the gains in personnel readiness were protected; that manning levels adequately supported the programmed force structure; and that military personnel were treated fairly in terms of compensation and benefits.

In the area of manpower strengths, the Department of Defense requested an active duty end strength of 2,121,500 for fiscal year 1990, and an active duty end strength of 2,120,000 for fiscal year 1991. The committee re-

duced the requested active duty end strengths by 1,305 in both fiscal years.

The committee supported the increases requested by the Department of Defense in part-time and full-time manning in the Reserve and National Guard needed to accommodate the transfer of certain missions from the Active to the Reserve and National Guard Forces.

In a package of improvements to military pay and benefits, the committee approved a 3.6-percent pay raise for military personnel and a substantial increase in aviation career incentive pay to aid the Department of Defense in retaining military aviators. In addition, the committee increased the amount of money that the Army can pay above the basic GI bill benefits to assist the Army in recruiting quality enlistees in critical skills. The committee also increased the selective reenlistment bonus ceiling from the current $30,000 to $45,000 to help the Navy retain nuclear qualified personnel.

In the area of health care for military personnel and their families, the committee approved a number of initiatives to enhance the recruiting and retention of military health care providers. This is one of our critical needs. In addition, the committee approved several initiatives to hold down the cost of health care and to improve the efficiency of health care delivery to military personnel and their families.

I want to congratulate Senator GLENN and Senator MCCAIN for their excellent work as chairman and ranking member of the Manpower and Personnel Subcommittee.

GENERAL PROVISIONS

Mr. President, there is one other provision of the bill which I want to bring to the attention of my colleagues.

Section 908 of the committee bill establishes a nine member, independent Commission to make a systematic, comprehensive study of the concept of national service. Three members of the Commission will be appointed by the President, and six members by the leadership of the Congress.

This Commission will survey the community needs that could be met through a program of national service; determine the costs as well as the potential benefits to the nation of such a program; and make recommendations on the advisability of different types of national service programs and how such programs could be implemented. The provision requires the Commission to report its findings to the Nation by February 15, 1991, and requires the President to provide his written views on the report 90 days after its publication.

Mr. President, I want to reiterate my earlier comment that the committee believes this bill meets the budget authority and outlay targets of the bipartisan summit agreement and the fiscal year 1990 budget resolution. This means that any amendment that adds money to the bill will cause the bill to be over the budget targets. For that reason, the committee will generally oppose any amendment that adds additional budget authority or outlays to the bill unless the amendment includes offsets to pay for the add-on.

In closing, Mr. President, I want to thank the ranking member of the committee, Senator WARNER, for all of his assistance. The committee voted unanimously to report this bill, which is an indication of the strong sense of bipartisanship and cooperation which marked the committee's work on this bill. It has been a pleasure to serve with Senator WARNER on the Armed Services Committee, and I look forward to working closely with him throughout the remainder of this Congress.

Mr. President, this National Defense Authorization Act for fiscal years 1990 and 1991 represents the culmination of a great deal of hard work by the members and staff of our committee. Hugh Evans and Greg Scott of the Legislative Counsel's Office also made an indispensable contribution in preparing this bill, and of course we will be calling on them as changes are made and as we go to conference. This is a good bill which will strengthen the Nation's defense posture. I urge my colleagues to support it.

Mr. President, I understand that we have a letter from President Bush that states his very strong views on this bill and on the importance of the budget submission that was made available to the Congress earlier this year. We had a very constructive meeting at the White House this morning between people involved in this defense debate and the President and his key advisers. I felt that he laid out his support for the Cheney approach on this overall defense posture very clearly and very forcefully this morning. I ask unanimous consent that this Presidential letter be printed in the RECORD. It particularly refers to the strategic modernization program, the question of the B-2, which I am sure we will be debating, the question of the MX and the Midgetman Program as well as other strategic concerns. I ask unanimous consent this letter be printed in the RECORD.

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

THE WHITE HOUSE,
Washington, July 24, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR CHAIRMAN: When the Fiscal Year 1990 Defense Authorization Bill comes to the floor next week, you and your colleagues will make critical decisions affecting the future of deterrence and arms control for the balance of the century. Before you vote, I want to be certain that you understand my reasons for the strategic modernization program I have proposed.

Taken together, these strategic programs are essential to preserve a capable, survivable and effective deterrent. They are an integrated package that deals with the evolving threat and is flexible enough to hedge against uncertainties. They also undergird our arms control negotiations and provide incentives to the Soviets to continue the internal changes they appear to be making. Each represents, not simply modestly improved capability but fundamental change in strategy or system performance.

I am optimistic about what we are beginning to see in the Soviet Union. The Soviets may finally be willing to make significant changes in the character and size of their military forces. This willingness is at least in part the result of our commitment to a modern, capable deterrent force. Weakening the commitment now could undermine the positive trends we see emerging in Soviet forces.

I have taken another hard look at SDI and confirmed that the goal of the program—providing the basis for an informed decision on deployment of defenses that would strengthen deterrence—remains sound. We owe it to ourselves and our children to pursue that goal. I am personally and deeply committed to doing so.

Moreover, SDI is at a critical juncture. The technological progress we have made means that we need to conduct large scale realistic, and therefore expensive, tests to prove the feasibility of defenses. Already, because of cuts required in the overall Defense budget, I have reluctantly submitted a revised budget, cutting over $1 billion from the program. If the Congress cuts even more deeply, our ability to investigate and test the most promising options will be seriously damaged. We will be unable to determine, in a meaningful way, whether we can rely more on defenses for our security. The American people are entitled to that assessment.

The B-2 is also at a critical point. The aircraft is based on revolutionary technology that will guarantee the effectiveness of the penetrating bomber well into the next century. Without it, the strategic Triad, which has been the bedrock of our nuclear strategy, will virtually disappear. The B-2 is also the core of our START strategy for achieving stable deterrence at reduced levels. Indeed, under the terms of our current arms control proposal, the bomber force will be assigned a very large percentage of our targets. I have no doubt that the B-2 is worth its cost and deserves your support.

ICBM modernization has been marked with considerable controversy and strong opinion. Yet there is broad agreement that mobility is required for our land-based missiles to improve their survivability and enhance their unique capabilities. After careful review of the issue, I have determined that we should deploy, in a carefully phased manner, the Rail-garrison Peacekeeper and the Small road mobile ICBM. I am committed to doing so.

Rail-garrison Peacekeeper will improve the survivability of the ICBM force quickly and at modest cost, while preserving the considerable military capability of this system. The Small ICBM represents the future of the ICBM force. It offers a high degree of survivability, even with virtually no warning. But, it will not be ready to deploy as soon as Rail-garrison and will obviously be more expensive than a multiple

warhead system. We can field Rail-garrison in the near term while at the same time continuing development of the Small ICBM for 1997 deployment. We likewise need to commit to an ICBM mobility program to avoid a deadlock in the START negotiations on the mobile issue.

In addition to the requirement for these forces as the heart of our nuclear deterrent strategy, in which they form an integrated and inseparable whole, there is the role which this modernization program plays in our arms control strategy. We are entering a very important and promising stage in our strategic arms control negotiations. We have already introduced some changes in our position and we are actively considering others which could make a significant contribution to the stability of the nuclear balance. To pull the rug out from under me at this crucial juncture by weakening my program could destroy this opportunity to make real progress. Indeed, it could even prevent the conclusion of an arms control agreement. I need the negotiating flexibility which this dynamic and sensible modernization program provides. Don't prevent me from achieving a treaty which could make great strides toward reducing the chances of nuclear conflict.

Let me add two cautionary notes. First, good arms control cannot be legislated. I seek and welcome the advice and counsel of the Congress and regularly consult you on the full range of arms control issues. But, in the final analysis, I must be responsible for negotiating arms control agreements. The many arms control amendments that are customarily proposed to the defense bills only undercut me and our foreign policy and frequently have an effect opposite to that intended by their sponsors.

Second, the pressures to play one modernization program off against another or to pay for one with cuts in another threaten the balanced strategy behind our programs. Secretary Cheney and I have had to make hard choices in these times of tight budgets—this budget is the best balance of needs and affordability and represents an integrated strategic approach.

As you begin final debate on the defense bill, I ask you to carefully consider the affordable, integrated plan we have designed to strengthen deterrence, to reinforce the incentives for change in the Soviet Union, and to further our goal of negotiating arms control agreements that will reduce the likelihood of nuclear war. We cannot afford to lower our defenses because of Gorbachev's rhetoric; we cannot afford to pull the rug out from our negotiators, and we cannot afford to forfeit the investments we have made in strategic modernization. We can afford to make the needed improvements provided by this cohesive, fiscally sound package. It deserves your support.

Sincerely,

GEORGE BUSH.

Mr. NUNN. Mr. President, I thank again my colleague, Senator WARNER, and his chief counsel, Pat Tucker, who have done a tremendous job on this bill, as well as all of their staff, and Arnold Punaro and David Lyles and all of our staff.

Mr. WARNER. Mr. President, I thank the distinguished chairman for his words with respect to bipartisanship.

Throughout the formulation of this bill, and the hearings, open and closed, in meetings, the chairman strove to have bipartisanship. Indeed, he recounted the fact that this bill supports the President and Secretary of Defense in almost every respect, the one exception being an intentional, I think a beneficial, exception, the restoration of the R&D funds for the V-22.

Otherwise, it was a remarkable bipartisan effort, and I join in complimenting our staff. In the 11 years I have been privileged to be a member of this committee, I have never seen staff work better to serve the full committee.

Indeed, there was active participation by all Senators on our committee throughout the formulation of this bill, beginning of course in the subcommittee hearings through and including the markup which took an entire week.

I am especially pleased that the committee again under the strong able leadership of the chairman was able to deal with each of the major issues. Unlike in earlier years we did not have a single party line vote throughout the deliberations of this bill, both in subcommittee and in full committee.

I am also pleased that the Committee, after full discussion and debate, chose not to reverse any major defense policy decision reflected in the President's amended budget request. The committee, by a strong bipartisan vote, refused to reduce DOD funding for the strategic defense initiative below $4.3 billion; the committee, by an overwhelming vote, refused to alter the President's dual track ICBM modernization funding plan; the committee, by clear bipartisan votes, refused to reverse the President's decisions to terminate production of the V-22 Osprey and of the F-14D Tomcat, and the decision to terminate production of the AH-64 Apache helicopter after 1991. Finally, the committee, by an overwhelming and bipartisan vote, refused to terminate production during fiscal year 1990 of the B-2 program, but rather made the availability of funds for that program subject to a number of specific testing and developmental milestones. These statutory milestones truly do convert the B-2 program into a "fly-before-we-buy" endeavor.

Now turning to some of the other important provisions contained in this bill. In the manpower and personnel areas, the committee recommended full funding of the proposed 3.6-percent pay raise for military personnel in fiscal year 1990. Maintaining a proper standard of living for our military personnel is the responsibility of each of us in this body, and this becomes even more important in this fifth straight year of declining defense budgets.

I think, parenthetically, I would like to say that at the meeting with the President this morning Senator INOUYE, the chairman of the Appropriations Subcommittee on Defense, reiterated again his intention to lead his subcommittee in affirming what we have done to protect the quality of the men and women of the Armed Forces of the United States.

Additionally, the committee has recommended several improvements in retention incentives for military aviators and health professionals, two areas in which there are growing demands for highly trained personnel in the private sector.

In Navy shipbuilding, the committee recommends that the Senate authorize funding for all ships requested.

Of course the committee backed the President's decision not to include that last submarine which was in an earlier iteration by President Reagan.

The carrier *Enterprise* will be overhauled and the committee recommends that funding for that project be consolidated in the shipbuilding account.

Title VIII of the bill contains several provisions intended to streamline defense acquisition. Some of the provisions would allow the Department of Defense more flexibility in acquisition of professional and technical services, commercial products, and products under the Foreign Military Sales Program. The committee also took action to stress the importance of maintaining the health of the U.S. defense industrial and technological base. We have provided the basis for better monitoring the state of industries supporting national defense, and increased support for such key programs as the Manufacturing Technology [Mantech] Program.

Mr. President, in the conventional forces area, the committee adopted three important initiatives, each of which the committee believed was important enough to bring to the Senate floor so that all Members may vote on them. During the course of debate on the bill, amendments will be offered on behalf of committee members on funding for procurement of equipment for the Guard and Reserve, for procurement of modern smart missile systems, and "foot soldier" equipment enhancement initiatives. These types of programs are often included in a committee reported defense authorization bill, but they are often overlooked in the debate on the Senate floor. This year, the committee members felt that the committee's action in these areas was important enough to be brought to the attention of all Members of the Senate, so that each Member can cast a vote on these important programs.

Finally, Mr. President, this morning as mentioned by the chairman, a number of Senators had the opportunity to confer with President Bush and his top advisers to discuss many of the national security issues to be addressed in this bill. The President made clear his views that the elements

of his strategic modernization program, including dual track ICBM modernization, SDI, and B-2, are interrelated. Each of these elements is important, not only because of the improved military capabilities offered by each, but also because each element provides a vital link in the chain of our overall national security strategy, including our goals in ongoing arms control negotiations.

The President addressed these same issues in a letter sent today to Members of the Senate, which has been put in the RECORD by the chairman.

I would like at this time, Mr. President, to read the last paragraph of the President's letter to various members of the Senate Armed Services and Appropriations Committees:

As you begin final debate on the defense bill, I ask you to carefully consider the affordable, integrated plan we have designed to strengthen deterrence, to reinforce the incentives for change in the Soviet Union, and to further our goal of negotiating arms control agreements that will reduce the likelihood of nuclear war. We cannot afford to lower our defenses because of Gorbachev's rhetoric; we cannot afford to pull the rug out from our negotiators, and we cannot afford to forfeit the investments we have made in strategic modernization. We can afford to make the needed improvements provided by this cohesive, fiscally sound package. It deserves your support.

Sincerely,

GEORGE BUSH.

Last, Mr. President, I believe the President of the United States makes a strong case for keeping his strategic modernization program intact. Not only this letter, but certainly the debate on the floor will reinforce his arguments and those which are vital to the continuation of this program.

Mr. President, the President of the United States has now presented the Congress with such an approach. The program is coherent, is integrated, and it enhances deterrence while fully recognizing the possibilities offered for arms control.

I urge my colleagues to consider this letter very carefully, and then to actively participate in the debate on this bill which I hope in every major respect will be adopted as recommended by the Senate Armed Services Committee.

I thank again my distinguished chairman for his leadership, and for the privilege and pleasure of working with him in the formulation of this bill.

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I have been listening with keen interest to the chairman and the ranking member of the Armed Services Committee. I simply want to thank them for their leadership in the whole complicated area of national defense.

I suspect that the meetings of the subcommittee and the full committee probably were a little more contentious than ever before, but even with that, I think we have come to a consensus, an agreement. As has been pointed out by both Chairman NUNN and Senator WARNER, the measure passed out of the Armed Services Committee unanimously.

Mr. President, I strongly support the Armed Services Committee's version of the defense authorization bill, particularly those portions which are the responsibility of my Subcommittee on Strategic Forces and Nuclear Deterrence.

The committee showed tremendous responsibility and good sense in "holding the line" against funding for nonrequested programs and items. It acted wisely by not mortgaging our future through the restoration of the programs terminated by the Secretary of Defense. The only significant addition to the request was the restoration of limited research and development funding for the V-22 Osprey and the committee did not make a commitment to that aircraft's production.

We can always find a few tens of millions to keep a program alive. But we cannot afford the price which such a decision inevitably commits us to further down the road. Indeed, our current defense morass is largely due to the failure of the previous administration and this body to demonstrate proper fiscal responsibility. We are facing our fifth consecutive year of declining defense budgets. The unchecked defense buildup is history.

Our task is now to maintain our security in a changing and unpredictable world and to do so with less money. The committee bill is a step in this direction. I will strongly oppose any effort to return to the old ways of doing business, which was to buy anything that "pop's" without consideration for present and future budget considerations.

As chairman of the Subcommittee on Strategic Forces and Nuclear Deterrence, I would like to take a few moments to describe for the Senators the main features of the bill that bear upon the programs and issues under the subcommittee's purview.

Let me begin by discussing the nature and magnitude of the problems in the area where we made the largest increases. It will surprise no one to learn that the area is the Department of Energy's defense programs, and that the sizable increases are for cleanup activities. The major problem before the committee this year, next year, and for the forseeable future, will be to provide enough funds to allow the Department of Energy to make significant progress in three areas simultaneously:

First, to upgrade its current operating facilties to bring their operations into compliance with existing laws and safety standards;

Second, to prevent further deterioration and make a substantial start on the cleanup of hundreds of inactive storage sites contaminated with nuclear, toxic, and mixed wastes; and

Third, to start construction on new, modern, safe facilities to allow us to phase out older facilities that can be kept in safe and compliant operation only with increasing effort and needless cost.

Many of my colleagues, Mr. President, have expressed sticker shock at the cost of the B-2. To them I say, "you ain't seen nothin' yet!"

I cannot tell you with any confidence what the final bill for these three tasks will be, because the Department of Energy has not yet even bounded the problem. But the most recent estimates we have seen for the parts that have been assessed with some care is a cost of well over $150 billion—that is in today's dollars, not out year dollars. For illustration, that is more than twice the cost of the sticker shock price of the B-2. Sticker shock is the newest buzz word for some who customarily have not addressed in depth the overall demands of national security in our dangerous world.

Put another way, the Department of Energy's defense programs will need more than $4 billion more per year than they have been getting from the Office of Management and Budget.

Mr. President, we have not increased the Department of Energy's programs by $4 billion this year, not by a long shot because we do not have that money. We have reluctantly transferred some $500 million from the Department of Defense to the Department of Energy's defense programs.

I say reluctantly, not because the committee is reluctant to address the cleanup problem; rather, I am reluctant because this transfer from one agency to another causes problems with the budget and appropriations committee, and, if the practice were continued, would lead to friction between the Department of Defense and the Department of Energy.

I say in the strongest possible terms to the President and to the Office of Management and Budget—you must provide the needed resources to the Department of Energy in the annual budget requests. In the report accompanying this bill, we reiterate this point and set out the priorities that will govern this committee's markups in future years.

Now, if those are the committee's stated priorities, and if the committee does not intend to transfer funds from the Department of Defense to the Department of Energy to make up shortfalls, where will the money come from?

Well, let me point out to the Office of Management and Budget and to the President that apart from modernization, cleanup, and compliance accounts that will have first priority, there is not much left except money for nuclear weapons productions and money for nuclear materials production for nuclear weapons.

Of the roughly half a billion dollars transferred into the Department of Energy from the Department of Defense, the committee increased the cleanup and remediation funds by $418 million above the requested amount by the administration. The committee is confident that these funds can all be productively utilized. Another $100 million went into a new program to develop new kinds of cleanup techniques.

Cleanup will be a multi-billion-dollar effort spread over several decades, and there are some contaminated sites for which there are no known cleanup techniques, unfortunately. Clearly, research now on new cleanup approaches and technologies could potentially reduce the ultimate cleanup costs substantially. These are the major funding initiatives we have taken in this bill to address the cleanup problem.

We have a number of other initiatives affecting the Department of Energy which I will discuss a little later, but I would now like to turn to the major strategic programs and issues in the Department of Defense part of the bill.

First, the bill fully funds the ICBM modernization worked out between the administration and the congressional leadership earlier this year.

Second, the SDI account is reduced by $300 million, which is largely being used to beef up the Department of Energy Cleanup Program that I have just addressed. This reduces the SDI funding in the Department of Defense from $4.6 billion to $4.3 billion, which is still and increase of 16 percent of the current level.

Some will no doubt consider $4.3 billion too high. I believe we must recognize that the House Armed Services Committee is already at $3.5 billion, which is well below the current level, and they may go lower during their floor debate.

Some will no doubt consider $4.3 billion too low. To them, I simply make two observations: First, SDI cannot justify full funding, and second, last year on the Senate floor we needed five rollcall votes to turn back by one vote an effort to cut $600 million out of SDI—after the committee had cut $271 million. The year before, the Vice President cast the tie-breaking vote to sustain the committee's mark, and the year before that, the committee's mark was sustained by only two votes.

My own judgment is that this proposed SDI mark may still be a bit high, but I urge its acceptance as part of the package, and for us to deal with the House during conference.

The bill reduces the B-2 procurement account by $300 million and those funds are also helping to pay for environmental restoration.

The committee thoroughly reexamined the B-2 program to see whether concurrency could be reduced without doing serious violence to the vendor base and to production schedules, which would require widespread layoffs and add substantial costs for qualifying vendors and reclearing employees. Some procurement funding must also be provided to keep in force an advantageous, firm, fixed price contract covering numerous avionics and electronics components.

To meet these conditions means that only a few hundred million dollars can be cut from the program this year. However, the bill also contains numerous restrictions on the obligation of funds for the procurement of additional production aircraft. I hope all Members will read these provisions carefully. I think they serve to fully protect the taxpayers' interest in this program so that we do not get ahead of ourselves.

If the B-2 test schedule from here on follows the planned course, then the fences and limitations on the B-2 in the proposed package are fully adequate to ensure there will be no undue concurrency, without doing great damage to the program or greatly increasing its costs, as the House Armed Services Committee cuts of $800 million will surely do. Or as some of their suggested floor amendments would do.

Let me highlight quickly a few of the other "good government" reductions, the meritorious "add-backs," and the policy guidance offered in the Defense bill. The largest of these are $100 million from the air defense initiative, $66 million from the nuclear directed energy research in the Department of Energy, and $85 million from the special isotope separation project in Idaho.

An amount of $101 million was added to increase Trident II missile productions rates to try to get them back toward the milestone authorization levels the committee established in the fiscal year 1988 authorization bill. There are also minor adds for traditionally underfunded projects like ASMS, Lightsat, SSBN security, nuclear and chemical monitoring, and the use of the Department of Energy National Labs to support the development by the services of "smart" conventional weapons.

Finally, the bill contains a number of legislative initiatives and requirements for studies and reports. Several initiatives are aimed at the Department of Energy's continuing problems. We propose to set up a blue ribbon task force to advise the Department and Congress on how best to set priorities for allocating scarce cleanup funds to a multibillion, multiyear cleanup problem. We also grant the Department of Energy some relief from salary, revolving door, and ethics legislation to allow them to draw more heavily on the scientific and technical talent at our national laboratories to help in the management of the Department's activities and programs. We also require them to develop 5-year plans, as the Department of Defense already does.

For the Department of Defense, we propose legislation restricting concurrency in the ACM and B-1 defensive avionics programs as well as the B-2, extending the requirement for robust testing before further production investments in these programs also.

In summary, let me say that I think this is a solid recommendation to the Senate, and I want to thank Senator THURMOND for all of his aid and assistance as the ranking minority member on my subcommittee in preparing our part of the bill.

Strategic issues are complex and controversial. Arriving at a reasonable package with bipartisan support is tremendously challenging. That we have such a package before us today is largely due to the tremendous knowledge, hard work, and undying patience of many committee staff members. On the majority side, I would like to express my gratitude and admiration to Bill Hoehn, Sherri Goodman, Bob Bell, Kirk McConnell, Jan Wise, and Cindy Pearson. On the minority side, I would like to thank Jack Mansfield and Brian Dailey for their superb efforts as well, and certainly to Pat Tucker, who is always there for advice and counsel of a very wise nature, the Strategic Subcommittee "team" is truly first rate in all ways.

Mr. President, I urge my colleagues to carefully study this bill. There may be ways to improve it, possibly, but, for the most part, it is a very sound and a very responsible bill. I hope that the full Senate will act expeditiously in approving it.

Mr. President, I thank the Chair and I yield the floor.

Mr. DIXON. Mr. President, I ask unanimous consent that Laura Abplanalp, a professional fellow on my staff, be allowed on the floor during consideration of S. 1352, the National Defense Authorization Act for Fiscal Years 1990-91 for each day the bill is pending and during any rollcall votes in relation to the legislation.

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

Mr. DIXON. Mr. President, I am pleased to support S. 1352, the national defense authorization for fiscal years 1990-91. This is a good bill that will strengthen our national defense, and I urge my colleagues to support it.

As chairman of the Subcommittee on Readiness, Sustainability and Support, I want to take a few moments to summarize the recommendatins of the committee in this area.

Mr. President, jurisdiction of the Subcommittee on Readiness, Sustainability and Support covers approximately one-third of the Defense budget, including the operation and maintenance accounts; spare parts and ammunition procurement; the defense stock funds; and military construction and family housing.

The good news this year is that we have not had to make large reductions to the budget request to meet the budget resolution targets.

The bad news, though, is that there are still some important programs under the subcommittee's jurisdiction, particularly in the area of sustainability, which were underfunded in fiscal year 1990-91 budget request. The committee did its best to provide additional funds to meet some of the shortfalls. I think we improved on the budget request, but there remain some important shortfalls in sustainability programs, particularly ammunition and maintenance programs.

In the operation and maintenance area, the subcommittee has identified about $800 million in funding reductions—most of them financing adjustments—and applied these savings to high priority readiness-related programs: depot maintenance; real property maintenance; Army supply operations; and the proposed civilian pay raise.

Members will recall that the amended budget request called for a 2-percent pay raise for Federal civilan employees and a 3.6-percent pay raise for military personnel in fiscal year 1990. Congress and the administration have since agreed to a 3.6-percent pay raise for Federal civilian employees in fiscal year 1990. Since almost all Defense Department civilians are paid out of the operation and maintenance accounts, this higher pay raise needs to be funded—or other readiness-related activities will end up paying the bill. The committee bill adds $219 million to the budget for this higher civilian pay raise, which will fund 80 percent of the total cost of the 3.6-percent pay raise, meaning the Defense Department will have to absorb 20 percent of the pay raise costs. This level of absorption is consistent with past practice.

The operations and maintenance recommendations also include a reduction of $200 million to the fiscal year 1990 request of $500 million for the base closure account. This reduction is based on the testimony of the base closure commissioners that $300 million would meet the minimum requirements for this account in fiscal year 1990.

In the area of revolving funds the committee bill includes a modest reduction of 10 percent, or $75 million, largely to fund some of the readiness-related increases in the operation and maintenance and procurement accounts.

The committee made two major recommendations in the procurement area:

An increase of $73.2 million for high priority conventional ammunition programs recommended by the Army; and

An increase of $130 million for repair parts to fix the large number of Army helicopters damaged in the recent severe storm at Fort Hood, TX.

In the military construction area, there are very few reductions to projects in the United States in the committee bill. The request for overseas projects is reduced by approximately one-third in light of uncertainties of U.S. forces. The $15.4 million in funding for the proposed new Air Force base at Crotone, Italy, was deleted from the bill.

There are two legislative provisions I want to mention. The first is the requirement for the Secretary of Defense to submit to the Congress a master plan for environmental restoration activities in the Defense Department. This is becoming an increasingly visible and important area of Defense Department activity, and one the subcommittee is monitoring very closely.

The second provision is the approval of the Defense Department's request to transfer management of the Pentagon from the General Services Administration to the Defense Department. In doing so, though, we have restricted the amount that the Defense Department would otherwise pay to the General Services Administration for Defense Department leases in the National Capital region in order to finance the cost of the Pentagon renovation. Our subcommittee's hearing on the question showed that the General Services Administration, I regret to say, has been a very poor landlord for the Pentagon for the last decade.

The committee's recommendations include authorization of fiscal year 1991 programs in operation and maintenance and the revolving funds at the levels requested. In the ammunition and spare parts programs, the committee authorized the full request for the second year, except for the increases in the Army ammunition area necessary to maintain efficient production of the at-4 and the new M864 155mm artillery round. Approximately half of the military construction programs for fiscal year 1991 are authorized—primarily multiyear programs or projects which support ongoing investment programs.

That is a brief overview of the recommendations of the committee in the area of readiness, sustainability and support. I want to thank my friend and colleague Senator GORTON, the ranking member of the Subcommittee on Readiness, Sustainability and Support, for his fine cooperation and assistance. It has been a pleasure working with him this year on the subcommittee.

Mr. President, I would like to add a few more comments regarding the base closure account, and the Base Closing Commission in general. My opposition to the legislation that created the Base Closing Commission, and the report of the Commission, is well known. The process provided for and followed by the Commission was fatally flawed in several respects. The Commission was given too much power, insufficient time was allowed for an unbiased, independent analysis, and no oversight activity was included. Five hearing were held in my subcommittee to examine the recommendations of the Base Closure Commission. At one of those hearings, the General Accounting Office described errors in the data the Commission used, and discrepancies in the analytical techniques. The General Accounting Office has been directed to provide a full report of their findings by November 15. I feel very strongly that where errors have been identified in the Commission's analysis utilized to close a base in a category where excess capacity exists, the bases cited should not be closed until the category is reevaluated.

Mr. President, I want to thank the chairman of the committee and the ranking member for the outstanding work they did this year and I am delighted to enthusiastically support this fine result of the markup of the Armed Services Committee. I yield the floor.

The PRESIDING OFFICER. The Senator from Mississppi.

Mr. LOTT. Mr. President, I rise in support of the Defense Authorization Act for fiscal years 1990 and 1991, which is before us today.

It has been a distinct privilege for me as a new Member of this body, to work with my colleagues on the committee in establishing this workable framework for national security. Although the continuing downward trend in defense spending concerns me, I believe we have produced a well balanced program for the Nation's future defense given the realities of a curtailed resource environment.

I want to commend the distinguished chairman and ranking minority member of the Armed Services Committee for their leadership in charting our course through a series of very tough decisions that will clearly influence the future of our national security well into the next century.

I also want to commend my colleagues on the committee on both

sides of the aisle. We certainly have worked very closely together at the subcommittee level and I have been very much impressed with the bipartisan way in which we have dealt with this most important legislation. We deliberated long and hard over many important issues.

Some members of the committee had amendments they felt they had to offer and they did so. Certainly the other members understood. But when the votes were taken, very strong, courageous positions were taken by the committee and I am very much impressed with that. The resulting decisions ultimately formulate the policies that will fulfill one of our fundamental constitutional responsibilities this Government has: to provide for the common defense.

The real story of this defense bill is courage. It is the moral courage to make the tough and painful decisions now and not put them off to another day when the consequences to our national security will only be more serious. It is stepping up to the big problems and putting national interests ahead of parochial interests. In the recent past we have had the luxury of a funding environment that allowed support of nearly every defense program that had any reasonable merit. Unfortunately, those days are past and we can no longer cover every base—we have to be wiser in making the critical choices between weapon systems we buy and how we structure our armed forces in a changing world.

Secretary of Defense Dick Cheney also deserves a lion's share of credit for his courage in sending over a lean and mean defense budget that addresses the difficult and unpopular choices that have to be made. Instead of taking the easy way and "nickeling and diming" existing programs across the board, he performed "triage" and did the unexpected—canceled major weapons systems.

In the past, many of us in the Congress have been critical of Secretaries of Defense because they wanted to have every program. If not the full amount, they wanted at least a little bit. And so these programs were quite often continued on and on, and no tough choices were made. This tough, unusual courage of conviction in the face of an avalanche of criticism from vigorous and well-meaning advocates of some weapons programs was a very important step.

Secretary Cheney should also be commended for his effort to protect the most important component of our defense establishment—the men and women of our armed services. Without them the most expensive and capable weapon systems are useless. Their morale and well-being are an invisible "force multiplier" in any potential conflict. We must contiue to place a top priority on the quality of the soldiers, marines, sailors, and airmen who man our defenses and ultimately hold the Nation's security in their hands. We must never return to those times of a hollow Army where low morale was manifested by one of the poorest quality of discipline rates in recent history. His proposed budget recognizes the importance of those in uniform by placing a priority on pay and benefits at the necessary expense of weapon systems. Finally, Secretary of Defense Cheney has helped the Armed Services Committee immeasurably by giving us the realistic baseline from which to operate in developing the bill before us.

This is a changing world, but the only certainty is uncertainty itself. The enduring question for national defense has been, and always will be, "what is the acceptable risk?" Clearly, momentous change appears to be at hand in the Soviet Union, which has posed such great danger to the United States and our allies for over four decades. But, as we have seen so recently in China, unexpected events can sharply influence the course of national policy. There, a Communist government appeared to be slowly embracing democratic change but violently reversed course with tragic consequences for the most courageous and creative people of that ancient culture.

When it comes to national security, we must always be prepared for the unexpected—prepared to deal with the world as it is and not as we wish it to be. The strategy of deterrence has stood the tests of uncertainty for nearly half a century. But when it failed, because we did not put credible forces behind it Korea in 1950, we paid the price in blood. In Europe, deterrence has delivered the longest peace in the long history of that war-torn continent and it presided over a phenomenal era of economic prosperity for a free Europe. A similar policy of deterrence has worked for our allies along the Pacific Rim since the Korean war.

So, as we draw on the experience of past success and failure, we must continue to place our trust in deterrence and provide the essential resources to make that strategy credible.

At the beginning of this century, the Secretary of War dedicated the Army War College only a short distance from where we are assembled here today. On that day he made one of the wisest of all propositions:

> Not to promote war, but to preserve peace by intelligent and adequate preparation to repel aggression, this institution is founded.

I believe that this defense authorization bill meets the test posed by those prophetic words, and I urge my colleagues to support it.

If we on the floor of the Senate begin to take this legislation apart piece by piece, we will have missed a great opportunity to support one of the best bipartisan packages I have seen in my years of service in the Congress.

So I urge my colleagues to support the measure before us and to back up the tough decisions that were made in the Committee on Armed Services. I thank the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I guess I am the first person to rise and say that I am not sure I am going to support this bill. I was telling the distinguished chairman of the Armed Services Committee a while ago I might offer an amendment to buy some new smoke and some new mirrors because the ones we have been using are not working.

Ever since Gramm-Rudman-Hollings passed, we have been supposed to reduce the deficit every year, and every year we finesse it and wait until the time passes when we have to make that critical decision as to whether or not we are going to be within the budget or not. And every year, because of the time of Gramm-Rudman-Hollings we are able to say yes, we are going to be able to meet the budget targets—and everybody knows we are not—but we go through that little smoke and mirrors exercise to try to tell the American people we are really up here doing their work for them.

We are supposed to have a budget deficit this year, 1989, of $100 billion. Nobody thought it was going to be that when we voted for it, and everybody knows it is not going to be that on September 30. Yet, in August when the snapshot is taken, I promise you OMB, CBO, they will all figure out somehow or another, yes, it is going to be within the $100 billion target. Everybody in the United States knows it is not and this is despite the fact that revenues from income taxes are $15 billion higher this year than we projected, and we still will not even get close to the $100 billion mark.

The thing that is really interesting, and the things that ought to be talked about in the coffee shops across America, is this point: that if you fund defense, Medicare, Medicaid, Social Security, interest on the debt, civil service pensions and veterans' pensions, just those 7, out of the 500 programs we finance in this country, you just fund those 7 and do not cut, funds for education, do not cut funds for the Environmental Protection Agency, do not cut funds for drugs, cancer research, AIDS research. If we eliminate all the other 493 programs we fund, you still have a deficit.

Do you know that, I say to my colleagues? You just fund those seven and you have a deficit. You only have 15-percent funds in the budget that are discretionary for this body to work with, and that has to cover education

and all the other things I mentioned, plus a lot that I did not.

We are budgeting $2 billion in the National Institutes of Health this year for AIDS research. Not one person here would take a dime of that out.

We make these long pontificating statements about how our children are dead last in education in comparison with the children of other developed countries. This has been going on ever since that study called "A Nation at Risk" came out. What has happened? Nothing. We are still last in global studies among other countries. We are still last in math and science.

The Japanese continue to eat our lunch because they spend 1 percent of their budget on defense and we spend 6. Paul Kennedy, the very able professor at Yale who wrote "The Decline and Fall of the Great Powers," said the United States will never overtake the Japanese as long as you have 30 percent of the scientists in this country working on weapons. Almost all of Japan's scientists, 98 percent of them are working in the civilian sector taking American business right and left.

Mr. President, the reason for this outburst today was just over this weekend I began to think about the insanity of what is going on. I got to thinking, where is the real threat to this country? Is it within or is it without? I made a speech here the night after my grandson was born, my first grandchild. That was on the day care bill, but I could not help think today—he was at my house last night—he will be 5 weeks old tomorrow. Do you know what we in Congress have been doing and continue to do and what we are going to do all this year? We are going to mortgage his future. At 5 weeks old, he is not in a position to defend himself. He has to look to 100 Senators and 435 House Members to be concerned about what kind of life he is going to have.

As the President's own OMB Director said this week, Bob Darman—and I was impressed with his speech; I have not heard an administration official speak with that kind of candor in the last 8½ years—he said, we are still living as though there is a free lunch and as though there is no tomorrow.

But I guess the thing that really kicked this off in my mind is the President cavalierly standing out in a press conference, saying: "We need to go to Mars; we need to go back to the Moon, too." I do not know why you want to go back. As my friend from South Carolina, Senator HOLLINGS, has said, there is no education in the second kick of the mule. What are you going to learn the second time that you did not learn the first time? The trip to Mars will be $400 billion. The President did not say where the money is coming from. He just said we ought to go to Mars.

I am not nearly as interested in going to Mars as I am assuring this grandson of mine that he is going to have a reasonable, decent future where he can breathe clean air, where he can drink clean water, where if he happens to get AIDS or cancer or whatever, that a sensitive, caring Congress is going to have done everything they can to provide him good health, a decent chance at a house, a decent chance at a good education and all the other things that we consider to be quality life for all of us.

The President says $400 billion to go to Mars. Read my lips. He said do not put on budget the $200 billion it is going to cost to bail the S&L's out because that makes the deficit look bad. Put it over here, you guys know the smoke-and-mirrors routine. You figure out how to do it. Put it anyplace, but do not put it on the budget where it will show. So everybody comes tiptoeing over here and they vote not to put it on budget so it will not show. Now we are going to spend $200 billion to clean up all the plutonium-producing sites in the United States.

The Senator from Ohio, my good friend from Ohio sits here and his State has been a victim—is that not right, I say to my colleague—of the inefficient operation of a plutonium-producing facility in Ohio. I want to take care of his constituents, and I am going to vote to do whatever we have to do to clean that mess up. But that is $200 billion over the next 10 or 20 years. The President did not tell us where to get the money. He just said, read my lips.

Now the President says, "I want the rail mobile MX and the Minuteman. I want them both, and I want that B-2 bomber at a cost of $530 million, too." God help the poor pilot who ever bails out of one of those.

Mr. President, where are we going to get the money? Read my lips. I suggested to one of our negotiators—I was in Geneva and Vienna a couple weeks ago—I suggested to our negotiators, why do we not say to the Soviet Union, as has been suggested by no less than the distinguished chairman of the Armed Services Committee, you give up the SS-24, your 10 warhead MIRV'd mobile missile, and we will not build the MX. This negotiator said, you are not ever going to get the Soviet Union to talk to you about that. What you have to do is to build it and then talk to them about giving it up.

What we have to do is to appropriate the money in this bill to build the rail garrison MX and then go to the Soviets and say, "now, look, we have a 10-warhead missile, too, on rails. Now let us trade out, let us bargain those two away. That will leave you with the SS-25, the single-warhead mobile missile, and it will leave us with the Midgetman."

That does not make any sense to me. It does not make any sense to General Akhromeyev, who testified before the House Armed Services Committee in a precedent-setting testimony last week and then later in an interview said, yes, the Soviet Union would consider giving up the SS-24 if the President of the United States will say that we are not going to build the MX. What a deal. How many times have you been offered a deal like that? Now, that is not an offer. I am not saying Akhromeyev has the ability or the authority to make that deal. But he said, yes, we would entertain that idea.

He is just recently the top military defense official in the Soviet Union, so he did not just fall off a watermelon truck. He knows what he is talking about.

And then you add to all of the predictions on the economy. Thirty-seven economists have written to the President saying we have big problems ahead, a recession that could turn into a depression. Bob Darman, head of OMB, says the growth rate next year is not going to be 3.5 percent. Do you remember when we debated the budget? The projection for arriving at a $100 billion deficit was that the economy would grow at 3.5 percent and for every point you miss, you have to add $20 billion to the deficit. If the growth rate next year is 1 percent, add somewhere between $40 and $50 billion to the deficit. And Bob Darman is saying that is a distinct possibility. Alan Greenspan, head of the Federal Reserve Board, is saying that is a very distinct possibility.

The President wants a lower capital gains tax because it gives us a little extra revenue next year, but how about the next 4 years? A net loser. I am not voting for the President's capital gains tax; I am announcing that right now. I have said it all along. I am not going to do that. Do you know where 90 percent of capital gains goes? People who make over $100,000. Did you know that according to at least one study the bottom 20 percent of the people in this country have lost 9 percent of their disposable earnings in the past 8 years and the top 20 percent have increased theirs by 16 percent. And that is not enough. They want capital gains to make the disparity even worse than it already is.

The other day the New York Times said we had a little leak from the Pentagon saying that our Joint Chiefs of Staff do not think SDI will work and that we ought to start pulling back from it and support the ABM Treaty which the Soviets are in a much better position to break out of plan wear. That's what the Joint Chiefs are saying. But everybody has been apologizing ever since. Now, that happened while I was in Geneva so I did not get all the facts on it, but apparently the

Joint Chiefs of Staff are having serious second thoughts about SDI.

I promise you, Mr. President, there is going to be an amendment to cut SDI from where the committee wound up on it. The House is already way below this committee. There is going to be an amendment to at least fence the amount for MX for some period of time to give our negotiators an opportunity to negotiate with the Soviet Union so they give up the SS-24 and we do not have to spend the $5 billion on the MX rail garrison.

Incidentally, we are negotiating in Geneva saying we want everybody to give up mobility. We want the Soviets to give up their two mobile missiles, the SS-24 and the SS-25. That is our official position there. And here in the United States the President comes over here and asks us for the money to fund both of our mobile missiles. Does that sound like a contradiction? It certainly does. Do you know why? Because it is. How can you say to the Soviets in Geneva both sides ought to give up mobility and come over here and ask us for money for two mobile missiles?

"If we were to suddenly tomorrow agree with the Soviet Union that everything came out—6,000 warheads each—that is a 50-percent cut from our 12,000 and roughly their 12,000. Let us assume we both agree tomorrow on 6,000 warheads each. We are buying longlead items for the Trident submarine in this bill that you could not possibly build unless you are willing to put virtually all of those warheads on the Trident. Why are we buying longlead items for the 19th Trident submarine when everybody will concede to you that we may not be able to have more than 18 Tridents under any START agreement?

I am on the Defense Appropriations Subcommittee, and I forget which of the admirals testified to it. He says, well, we are thinking about pouring concrete in some of the 24 tubes on the Trident or similar steps. As everybody knows, the Trident carries 24 missiles. That's dandy for us. But do we want the Soviets doing that? The verification problems on that would be horrendous.

If you put 10 on each Trident II missile, that would be 240. We are not planning to do that. But I have often said if the Soviet Union launched a preemptive strike and destroyed every bomber we had on the ground, destroyed every ICBM we had on the ground, destroyed every single submarine we had except for one lonely Trident, that one Trident submarine has the ability to obliterate every city in the Soviet Union of over 100,000 people. And yet we just continue to build more and more and more.

Mr. President, there will also be a move to slow down funding for the B-2 until they will prove to us that the B-2 will fly. I voted against the B-1 bomber, not because I did not think it would fly, not because I thought when they finished it they were going to want another $2 billion to $5 billion to make it do what it was supposed to do in the first place. I voted against it because I had a lot the faith in the B-2 Stealth bomber. If I had known then that that successor was going to cost $530 million each, believe you me, I would have had some real soul searching before I voted for it.

And then, Mr. President, there is going to be an amendment, probably withdrawn, offered just to get the debate going on what we are doing in Korea. Forty-three thousand troops in Korea, $2.6 billion a year to maintain 43,000 troops. South Korea has twice as many people as North Korea. They have a gross national product almost eight times greater than North Korea. And South Korea's commitment to defense spending has dropped from almost 6 percent of gross national product to 5 percent. In other words, their economy is growing but their commitment as a percentage of gross national product is declining, and South Korea has a $10 billion trade deficit against the United States. I have nothing against Korea, and our amendment would have nothing to do with our commitment to South Korea that if they are ever attacked, we will come to their defense. How would you like to go to the hospital and say, "Doc, take my appendix out; it is hurting." He takes your appendix out. Three days later you are feeling pretty good. You say, "Doc, I am ready to go home." "No, sorry, you have to spend the rest of your life here." Is not that what we are doing in Korea? We went there to defend South Korea in 1950, and we did it. We helped them rebuild their economy. And now they are one of the most vibrant economies on Earth, a burgeoning democracy. They are actually voting for what they want for that country in the future. That is what we want. And yet every dissident group in South Korea, what do they do, every time something goes wrong? They go burn an American flag. That is a pastime in South Korea, burning flags.

I read this in the International Herald Tribune. So I guess it is suitable to tell it here. It is the story about the Englishman, the Frenchman, and the Korean. Each one caught his wife in bed with another man. The Englishman politely excused himself and walked out. The Frenchman grabbed the guy, beat him up, and threw him out. And the Korean went down to the American Embassy and started a demonstration. [Laughter.]

So now you tell me. This has nothing to do with our affinity for South Korea, whether you think they ought to be defended. Of course, they ought to be defended. And our amendment incidentally would only remove 10,000 troops between now and 1992. That is not some kind of a headlong assault on our commitment to South Korea. But we are a lightning rod. We are an irritant to all the dissident groups in South Korea. I say it is time not just to ask them to pick up some of the tab. I noticed they agreed with Secretary Cheney the other day to give us another $30 million a year. Considering our budget constraints, I am not denigrating $30 million a year but that is not the problem.

Mr. President, the opportunities in the world are unbelievable. And yet the rhetoric goes on. It is just the same thing. I could not watch television yesterday. You would have thought—this was worse than any political election I have ever seen. Here is a 30-second spot showing that Stealth bomber flying, shows it as such an ominous looking plane, and this mellifluous voiced announcer comes on and says "The B-2, America has to have it for its security." That is followed by one on the Osprey, "The Osprey is absolutely essential to the defense of this Nation," and they show that plane flying around.

And then the F-14 Tomcat—you see it take off from the carrier, and land on the carrier. All these television ads, television networks, saturated with ads, calculated to get your constituents to write me and say: "Please don't scrub the Osprey; please don't cut funding for B-2; please don't do this,"—all of this because they know the appropriations process is going on now.

You do not vote for weapons because the guy that builds the weapons wages a public relations campaign on television, do you? If you do, you ought to resign your seat in the Senate and say, "I don't know what is going on around here. I am just voting according to what I see on television."

But the rhetoric, Gorbachev may not make it. I tell you one thing. I hope he does. James Baker says he hoped he did. George Bush said he hoped he did. We have been waiting for 70 years for the old Bolsheviks to die out; they die out and we get a leader that is charismatic, intelligent, and says to all the world, without actually using these words, that communism has been an unmitigated disaster socially, politically, culturally, and certainly economically. What do we want them to do—unilaterally disarm and let the New York Times editorial bureau witness it and report back to us?

It is the greatest time in the world to be alive so far as world peace is concerned. The President went to Poland, Hungary, and they are talking about democracy—our style of democracy.

Mr. President, I tell all these high school kids I do not want them with

their diaper down. You know, Gorbachev's rating in Germany is twice as high as George Bush's. It is higher in Maggie Thatcher's England than George Bush's. And I can tell you, if you talk to the scholars of Europe, they will tell you that is a mindset that is changing in Europe.

You know what Einstein said after the first bomb went off. "Everything has changed except man's thinking." I believe that man's thinking is beginning to change. It is the most positive thing I have seen, and it is downright exciting.

I get rhapsodic when I think about the possibilities. Let me also say, Mr. President, in Vienna our negotiators at the conventional forces Europe talks said it is absolutely amazing what the Soviets are offering. We said, "Why don't you destroy 35,000 tanks?" They came back a month later and said, "That is not a bad idea." I told the Soviet Ambassador that we have a new steel mill in Arkansas, and we would love to have those 35,000 tanks and melt them down. They are selling their scrapped tanks to Sweden right now. In Stockholm they are melting Soviet tanks and making other things out of them. And the Soviet Union needs the money.

We have this brandnew $250 million steel mill up in northeast Arkansas. I told the Ambassador "I am going to put them in touch with you because if and when this deal is cut and you decide to destroy 25,000 to 40,000 armored personnel carriers and 35,000 tanks, we would like to have the right to buy that scrap metal from you." He seemed genuinely pleased by it. They are already selling to the Swedes. Why would they not?

Mr. President, you know if I were going to sit down with President Bush for just 2 minutes, it would only take me 2 minutes to sum up what I am trying to say to this body; that is, if you read Barbara Tuchman or any other good historian you will find that virtually all of the wars, and all of the world's plagues have come about because some politician wanted to stay in office forever, so he put his finger to the wind, and said, "That is the way I am going." Or he did not even see the opportunities when they existed.

When I think of the lost opportunities, I have said it before on this floor. You know Robert E. Lee did not want Virginia to secede from the Union, did not want that war, and when it was over he said to one of his aides one day, "That war should never have been fought. At a time when this country needed a few men of vision, forbearance, and courage, all we got were a bunch of demagogues feeding their hostilities, their prejudices, and their bigotries until this war became inevitable." So I am pleased with this body as we debate this bill probably the rest of this week, and to the President, the Secretary of Defense and everybody else that is an opinion maker and a policy maker, do not let these opportunities pass us by. We have a chance for the first time in 4,000 years to provide a lasting peace on this Earth.

I want it just for my grandson.

Mr. President, I yield the floor.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Mr. President, I rise to comment on the defense authorization bill that is before us today. Mr. President, I want to commend the chairman of the Armed Services Committee for his leadership in crafting a very solid defense authorization bill for fiscal years 1990 and 1991. Under the budget limitations which we had to operate, this was no simple task. There were some very difficult choices that had to be made.

Mr. President, as chairman of the Subcommittee on Manpower and Personnel, I am very pleased to report that the actions we took on the bill on military personnel and compensation programs continue to support strongly the combat readiness of our men and women in uniform, and the quality of life of their families.

Mr. President, I think the one area where there is no question about the return on our investments in defense over the last 8 or 9 years is in manpower. Working together, the Congress and the administration have substantially improved manpower readiness. In the late 1970's our military leaders warned of gaping shortfalls in noncommissioned officer and petty officer manning that threatened the combat readiness of our forces. The Army was characterized by the Chief of Staff of the Army as a "hollow Army." The Navy faced the prospect of tying up ships for lack of trained and experienced personnel.

The problems which were severe then have largely been corrected. The Congress working with the administration provided two large pay raises in 1980 and 1981 at a cost of about $13 billion in first-year costs. These raises equalized military pay levels with private sector levels. Concurrently, the Congress authorized a variable housing allowance which now costs $1.2 billion annually. That has gone a long way, despite some appropriations caps, to closing the gap between actual off-station costs and housing reimbursements.

The Congress also invested in targeted compensation initiatives, such as enlistment and reenlistment bonuses, sea pay and submarine duty pay, aviation bonuses, nuclear duty pay, and medical pay. In addition, the Congress invested in improved permanent change of station reimbursements—even though there is still more that needs to be done in this area—and in improving the overall quality of life of military members and their families through substantial upgrades in facilities, such as child development centers and housing.

As a result of these initiatives, recruiting and retention of quality people have improved significantly and have stabilized at record levels over the last 4 years. For example, last year, 93 percent of non-prior-service recruits were high school graduates and 95 percent scored average or better on the mental category entrance examination. Comparable percentages for 1980 were 68 percent and 65 percent respectively, so what we have here is an improvement in recruit quality of 37 percent in the rate of high school graduates and an increase of 46 percent in the rate of average or above mental categories.

The gains in retention are equally dramatic. Last year, first-term and career retention rates came in at 49 percent, and 86 percent respectively. Comparable figures for 1980 were 39 percent and 71 percent. So what we have here is an increase of 26 percent in the rate of first-term retention and an increase of 21 percent in the rate of career retention.

This is not to say that the recruiting and retention picture in the military services is perfect. There are obviously problems, such as the declining youth population and nagging shortages in specific skills that continue to require our attention. However, the point I want to make with these examples is that the Congress does care about manpower readiness and the welfare of military personnel and their families and has continued to invest in the personnel accounts even in these difficult fiscal times.

Like the rest of the Defense budget, the manpower program came under pressure and was reduced by the administration in the amended budget request.

For example, the amended budget proposed a 3.6-percent pay raise for military personnel—a cutback from the 4.6-percent pay raise advertised by the administration last year. Also, in order to tighten the manpower belt, the administration proposed a reduction in Active Force strength of 16,700 from the original Reagan request for fiscal year 1990.

Nonetheless, of the $10 billion that had to be cut out in the amended Defense budget, the manpower account was reduced by only $700 million or 7 percent of the required cut, so the manpower account came out relatively unscathed.

Mr. President, in our action on the manpower portion of the amended budget request, we were guided by the general philosophy that we should support the difficult choices the Secretary of Defense had to make in arriv-

ing at the amended budget level. At the same time, however, we have our own responsibility in the Congress to assess the Secretary's proposals in light of our best judgments on security needs. We followed the principle that the hard won gains in personnel readiness should be protected, that manning levels should adequately support the programmed force structure, and that military personnel should be treated equitably in terms of compensation and benefits.

In the area of manpower strengths, we approved, with minor modification, the active duty and Reserve strengths requested for fiscal years 1990 and 1991. The approved strength levels represent a reduction in Active Force strength of 16,900 in fiscal year 1990 from the authorized fiscal year 1989 level, and an increase of 5,250 in Reserve Force strength in fiscal year 1990 from the authorized fiscal year 1989 level. These manpower changes essentially reflect the shifting of missions from the Active to the Reserve Forces, a matter we believe requires attention in context of a total force policy review.

Specifically, we require the Secretary of Defense to report to us on the operation of the total force policy—in other words, the effectiveness of the integration of Active and Reserve Forces—in the Department of Defense.

Mr. President, in hearings the Subcommittee on Manpower and Personnel had this year, I was surprised to learn that there has been no comprehensive, authoritative study on the operation of the total force policy since its implementation over 15 years ago, in 1973.

Up until the promulgation of this policy, we traditionally relied on our Reserve and National Guard Forces during periods of national emergency or war to augment relatively small standing Active Forces. During peacetime, National Guard and Reserve Forces trained to the extent resources allowed them to do so to be prepared for callup. That is history.

Since the promulgation of the total force policy in the Department of Defense over 15 years ago, our National Guard and Reserve Forces have been designated as full partners with the active components in deterring aggression during peacetime and in waging war if peace should fail. Under this policy, substantial missions were assigned to the National Guard and Reserve components. They were no longer just standbys; they were part of that force we depended on. Therefore, our National Guard and Reserve components are no longer only forces held in reserve for a future use, nor are they just a cadre force. Instead, National Guard and Reserve units are an integral part of theatre operational plans, and successful combat operations cannot be carried out without them.

For example, the Army Reserve is relied on to provide 70 percent of the Army's combat support an combat service support forces. Combat support missions including engineer, signal, intelligence, and chemical activities. Combat service support missions include medical, maintenance, supply, transportation, and ammunition activities. Obviously, an Army cannot fight for very long without this support, and if 70 percent of this support comes from Army Reserve Forces, it is crystal clear that the Army has a big stake in the readiness of these forces. In those Army Reserve Forces involved with combat support and combat service support, what is their status now? Well, 45 percent are not combat-ready. I repeat, 45 percent are not combat-ready.

In a conventional war in Europe, Active Army Forces depend heavily upon rapid reinforcement from Army National Guard and Army Reserve units within the first 10 to 30 days after the conflict begins—without fail within 4 to 6 weeks. Without these reinforcing units, the Active Forces cannot sustain themselves and would become ineffective.

This situation is demonstrated in war game scenarios which indicate that shortfalls in the Reserve reinforcing forces quickly become "war stoppers." Another example: Some 80 percent of our medical combat support is supposed to come from the reserves—80 percent. Specifically, medical shortfalls in early deploying reserve units fall in this category. According to the Department of Defense, these units are short of their wartime requirements for physicians and nurses by 7,000—71 percent—and 31,000—66 percent—respectively. This is not solely an Army Reserve problem, but a serious total Army problem because it seriously affects Army combat readiness. It is a priority problem that the Army leadership must give priority attention to solving.

Every year since I have been on the Subcommittee on Manpower and Personnel of the Armed Services Committee, every single year, we have heard about a new plan, and yet another plan that is going to somehow remedy this problem. And yet, the figures remain nearly the same year in and year out.

In fact, this year's report omitted the readiness figures that were reported in the past. They do not want them compared anymore, so they just omitted the readiness percentages that were normally reported so we no longer have those figures, uinless we specifically ask for them. What a head-in-the-sand approach that illustrates.

I make these points because I believe that the Department of Defense must critically and systematically review warfighting capability in a total force context, a context which must recognize the interactive dependencies among Active and Reserve Forces and the timetable for their deployment in event of war.

We need this study, Mr. President, to validate that current missions and roles are properly assigned and can be carried out, rather than a report year after year after year of the inability certain elements of our Reserve Forces to do the job they are depended on to do. We either have to have those missions and roles carried out or redo the assignments of the missions and roles to provide one basic thing, and that is effective combat capability. It either will work or not. We either can rely on it or not.

So when it comes to combat—and, God forbid that we ever have to get to that time again—but if we do, in combat there are no excuses. We either have a system that works or it does not. And if it does not, we lose and a lot of people get killed unnecessarily. That is the bottom line of what we are talking about here.

Now, before the picture gets too bleak as far as the Reserves go, let me say the Air Reserve and Guard components seem to be in very great shape in terms of combat readiness. They are performing admirably and perhaps could accept more missions. That too should be looked into in this review of our total force concept.

One other element. As we look ahead toward substantially smaller Active Forces in the future, there will, of necessity, be an even greater reliance on our Guard and Reserve and the missions they may be called upon to perform. So I think we need to, in this evaluation we are asking for, make sure there is a real comprehensive framework for evaluating the capability tradeoffs as we move in this direction.

So I look forward to receiving the mandated report so that we can use it as a basis for a plan of action to correct, on a systematic basis, persistent problems that have plagued the effective operations of the total force policy in the Department of Defense.

Now, let me turn to our action on military personnel compensation and benefits.

We approved the requested 3.6-percent pay raise for military personnel. We also asked that a study be done to review the whole military pay structure. It has not been done, except on a very piecemeal basis, for a long time.

The second area we acted on, we increased aviation career incentive pay by 60 percent, $400 per month, up to $650 per month for aviators with over 6 years of service, to help the military services retain aviators.

Let me expand on that just a little bit. Most people are unaware that we are right now, 1,500 Navy pilots short—1,500 pilots short in the Navy. We are short in the Air Force right now about 250 pilots. That is forecast, by the year 1992, to go up to 2,500 pilots short in the Air Force.

What is the problem? Is it that people do not want to serve? No, it is not.

The problem is we have a great need for airline pilots and as soon as the commitment of these service pilots reaches a certain point where they no longer have to stay in, they are off to the airlines at equal pay, about, starting out, much increased pay after a few years, and really big-time increased pay and health benefits and retirement once they have been with the airlines for, say, a 9- or 10-year period.

So we find ourselves with a problem of losing our pilots—pilots that we spend a great deal of money on to train. We spend somewhere around $500,000 just to train a pilot up to the day he pins his or her wings on. Then we send them to a replacement air group or combat crew training that costs another couple of million dollars over the next year to a year and a half. Then we send them to a squadron and they then put in a 3-year tour with that squadron and at that time you spend another $2 million to $2.5 million on that particular person. You have invested, say, $4.5 to $6 million in that person. Then we say, "you have a limited commitment"—the Air Force 7 years, going to 8 now; Navy, 7; Army, 5; Marine Corps, 4½. And we say, "OK, that is your commitment, and beyond that you are on your own." And they get out and we start over again with another $5 million to $6 million invested in the training of a pilot to get him up to a real true combat status.

Now, I know the kind of training those people get, so I am very comforted when I get on an airliner and I know that I have a former military pilot up front. That is all good. Maybe it is to the benefit of our country overall that we have pilots like that flying for our airlines.

But we do not provide a military training program for just that purpose. That is the point. And the point is this: over the next 10 years, it is estimated the airlines and commercial air interests will be hiring pilots at a rate of about 7,000 per year. So we have to do something. Some of our incentive programs before, particularly with regard to the Navy, have worked out pretty well. So we are expanding this now with what we have proposed within this bill. But along with this we are also going to require a 9-year commitment beyond the date of pinning on the wings for fixed wing jet pilots and 7 years for other aviators, which I think is quite reasonable. I do not have any problem with that at all.

I know there has been some discussion of that in the military as to whether or not that is going to be too long. I would say to my friends in the military who are pilots right now, this does not apply to you. The old ground rules apply to you. This would be prospective. This would start with the new people signing up, new people who are just starting out on their flight training program.

I do not have any doubt at all that we can get quite a sufficient number of good people that will still sign up and want to be military pilots, even with the 9 and 7 year commitments.

In another area, we increased the ceiling on education benefits, kickers, that the Army can pay in addition to basic GI bill benefits from $400 a month to $700 per month, a $25,200 benefit over 3 years, to help the Army recruit highly qualified enlistees in critical skills, those that we are having a lot of difficulty filling.

In another area, we increased the ceiling on selective reenlistment bonuses for nuclear qualified personnel by 50 percent from $30,000 per contract for 6 years to $45,000 for 6 years.

In another area, we enhanced the survivor benefit plan, the SBP, a plan to provide an annuity to survivors of retirees by reducing the premium to a flat rate of 6.5 percent of designated retired pay; providing a supplemental option that would afford a level payment of 55 percent of retired pay to a survivor—the standard option is 55 percent until age 62, at which point the benefit drops to 35 percent; and, finally, providing a 1-year open season to allow participation in the enhanced program.

In the area of health care for military personnel and their families, we approved a number of initiatives to enhances the recruiting and retention of health care providers.

We extended the authority for the Department of Defense to pay a retention bonus of up to $20,000 per year for retention agreements entered into by certain physicians based on critical needs of the Department of Defense.

We increased medical officer monthly special pays by 35 percent.

We provided new authorities to recruit and retain nurses including: A nurse accession bonus of up to $5,000; a nurse anesthetist incentive pay of up to $6,000 per year to encourage retention; and a Navy nurse candidate program targeted at recruiting nurses who have completed 2 years of a 4-year nursing program.

We increased medical specialty pay for reservists when on active duty for training to encourage more participation by physicians in the selected Reserve.

Mr. President, this concludes my summary of the action we took in the manpower and personnel area. I think they are good actions and I recommend them for support by my colleagues in this body.

I want to close by recognizing the hard work that Senator McCain, the ranking minority member of my subcommittee, put in the manpower portion of this bill. We worked very closely together in a spirit of teamwork and cooperation in forging a responsible package—one that takes care of readiness requirements as well as our commitments to our individual soldiers, sailors, airmen, and marines. I want to thank the Senator from Arizona for his hard work and counsel.

Mr. President, I also want to thank the staff—Fred Pang and Ken Johnson of the committee staffs; Fred Pang with the majority and Ken Johnson with the minority committee staff. Also Phil Upschulte and Milt Beach of my personal staff, for their hard work. As usual, they did a great job.

In particular, it has been a real pleasure to work with Fred Pang, who is here with me on the floor today. He is an outstanding committee staff member. I can vouch for that. He is very pleasant to work with, very thorough in the work that he does. It is a real pleasure to work with him on these very complex matters of pay and compensation and retirement benefits and all of the things that go into making military life palatable for people who are willing to serve their country.

It is not an easy job and some of these things that Fred works on, has worked on, are particularly beneficial to our men and women in uniform.

As usual, he has done a great job. Ken Johnson on the minority side, also, has done an outstanding job and I am sure Senator McCain will wish to address that when he makes his remarks.

Mr. President, I ask unanimous consent the "Study on Total Force Policy," from the committee report, be printed in the Record.

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

STUDY ON TOTAL FORCE POLICY

The committee recommends (sec. 541) a provision requiring the Secretary of Defense to submit to the Senate and House Armed Services Committees a report by December 1, 1990, on the operation of the Total Force Policy in the Department of Defense. The committee notes that there has been no comprehensive, authoritative study on the Total Force Policy since its inception over 15 years ago. The committee also notes that Department of Defense witnesses have had difficulty articulating the policy in other than very vague, general terms. The result is an impression of a leadership vacuum in this area. The committee urges the Secretary of Defense to assemble a study group capable of conducting an objective, thorough study.

There is no doubt in the committee that our National Guard and Reserve forces are vital to our national security. We have traditionally relied on these forces during periods of national emergency or war to augment relatively small standing active forces. During peacetime, National Guard and Reserve forces trained to the extent resources allowed them to do so to be prepared for call-up. That is history.

Since the promulgation of the Total Force Policy in the Department of Defense over 15 years ago, our National Guard and Reserve forces have been designated as full partners with the active components in deterring aggression during peacetime and in waging war if peace should fail. Under this policy, substantial missions were assigned to the National Guard and Reserve components. Therefore, our National Guard and Reserve components are no longer only forces held in reserve for a future use nor are they just a cadre force. Instead, National Guard and Reserve units are an integral part of theater operational plans, and successful combat operations cannot be carried out without them.

For example, the Army Reserve is relied on to provide 70 percent of the Army's combat support and combat service support forces. Combat support missions include engineer, signal, intelligence, and chemical activities. Combat service support missions include medical, maintenance, supply, transportation, and ammunition activities. Obviously, an Army cannot fight for very long without this support, and if 70 percent of this support comes from Army Reserve forces, it is crystal clear that the Army has a big stake in the readiness of these forces.

In a conventional war in Europe, active Army forces depend heavily upon rapid reinforcement from Army National Guard and Army Reserve units within the first 10 to 30 days after the conflict begins. Without these reinforcing units, the active forces cannot sustain themselves and would become ineffective.

This situation is demonstrated in war game scenarios which indicate that shortfalls in the Reserve reinforcing forces quickly become "war stoppers." Specifically, medical shortfalls in early deploying reserve units fall in this category. According to the Department of Defense, these units are short of their wartime requirements for physicians and nurses by 7,000 (71 percent) and 31,000 (66 percent) respectively. This is not solely an Army Reserve problem, but a serious total Army problem because it seriously affects Army combat readiness. It is a priority problem that the Army leadership must give priority attention to solving.

The committee makes these points because it believes that the Department of Defense must critically and systematically review warfighting capability in a Total Force context, a context which must recognize the interactive dependencies among active and reserve forces and the timetable for their deployment in event of war.

The committee looks forward to receiving the mandated report so that it can use it as a basis for a plan of action to correct, on a systematic basis, persistent problems that have plagued the effective operation of the Total Force Policy in the Department of Defense.

The PRESIDING OFFICER (Mr. REID). The Senator from South Carolina.

Mr. THURMOND. Mr. President, I rise in support of the 1990-91 defense authorization bill. While the authorization bill is not ideal, it represents the best compromise given the current budget problems that face our Nation. As ranking member of the Subcommittee on Strategic Forces and Nuclear Deterrence, I can assure my colleagues that this bill continues to provide our Nation with a strong strategic nuclear triad, which has been so critical in keeping the peace between the United States and the Soviet Union.

I do, however, wish to express a few serious concerns about the defense bill before us today, Mr. President. Over the years, I have made my position clear with respect to ICBM modernization. I have been, and continue to be, a strong supporter of the MX Program and the rail garrison basing concept. This year, though, I announced my support for the small ICBM, which President Bush included in his defense request. I have done so for two reasons. First, I believe that if we are to end the protracted and seemingly internecine debate over ICBM modernization, we must seek a bipartisan consensus on how a two-missile program should proceed. I believe President Bush may have achieved that consensus.

Second, the President and Vice President have indicated that support for the two-missile program is related to the funding of the strategic defense initiative or SDI. I am a strong supporter of SDI, and agree with the President that we must fund the program well above last year's authorization level. This is the only way that the President can make an informed decision about the program during his first term in office. My continued support for the small ICBM Program is, therefore, contingent upon the Congress funding SDI at a much higher level than last year. I am concerned, however, that the House is moving to cut SDI even further than the already drastic House Armed Services Committee reduction of $1.1 billion. Further reductions by House Members on the floor will only make an adequate conference outcome more difficult and possibly even jeopardize the bipartisan consensus on ICBM modernization.

I am also concerned about the B-2 program. While I support the President's program, I am very concerned that the cost of the bomber may ultimately result in its cancellation. I realize that some have argued that the B-2 is only 20 percent more than the B-1B in so-called flyaway cost; that it is cheaper per warhead than the MX; and that the MX and small ICBM together are slightly less expensive than the B-2. But the bomber is still too expensive given the current budget situation. I am not sure that the American people will support the program given the high cost.

Mr. President, the committee bill also contains $303 million for the design and development of new production reactors. The country is rapidly approaching a critical shortage of nuclear materials. The Department of Energy does not have a single reactor producing plutonium or tritium for nuclear weapons. Unless we get on with building new production reactors, our supply will decay—leaving the effectiveness of our strategic deterrent forces in question and preclude our ability to meet new military requirements. Such an outcome could seriously undermine deterrence and stability. While there are adequate supplies for the moment, there is no hope, I repeat, no hope, of satisfying our requirements 10 years from now unless we get on with the new production reactor program, today.

For the interim, the Department of Energy has prudently developed a special isotope separation program, to refine already existing plutonium, if needed, before the new production reactors are finished. The President's report to Congress calls this project time-critical and essential, yet some would prefer to stop this program, in part, because we have no immediate need for plutonium. This SIS project will be the country's only source of weapon-grade plutonium. It is essential that we get on with its construction.

Finally Mr. President, as we begin the floor debate on this defense bill, I would like to make a few observations to my colleagues and the American public. As always, there will be amendments by Members to change or cut the defense bill. There are some Members, in particular, that will argue that the defense budget is unnecessarily large given certain changes in the international situation. Many will point to changes in the Soviet Union as justification to reduce defense spending—particularly funds for our nuclear deterrent forces.

I join my colleagues in welcoming Mr. Gorbachev's pronouncements to reduce his country's vast arsenal of weapons and to truly turn the Soviet Union's abundant resources to peaceful use. But in considering whether or not to cut our defense posture based on Mr. Gorbachev's recent announcements, it is important not to confuse words with deeds. Mr. Gorbachev, for example, has declared his intention to cutback Soviet military forces by 20 percent, to reduce troops and equipment in Eastern Europe and along the Chinese border, and to cut defense spending by 14 percent. All of these are welcomed gestures, if they materialize. We must, however, also look at other actions taken by the Soviets since Mr. Gorbachev assumed power.

Soviet military production and modernization are important indicators of intentions. Yet, in these arass we still see little change form past practice; in fact, in many areas of Soviet military

production there have been significant increases. For example, when Mr. Gorbachev assumed power in 1985, the Soviet Union produced 3,000 tanks annually. Over the past 3 years, Soviet tank production has increased to 3,500 annually. Compare this to the United States, which only produced 775 tanks last year, and will produce even fewer this year. Indeed, the Soviet Union produces more tanks than all NATO countries combined.

In the area of strategic nuclear forces, the Soviet Union has yet to make a single reduction. The Soviets are continuing, unabated, their strategic nuclear modernization program. According to the Department of Defense, the Soviet Union produced eight submarines per year in 1986 versus three for the United States. In 1988, the Soviets produced nine submarines compared to five for the United States. The Soviets have substantially out produced the United States in ICBM production. In 1985, the Soviets produced 100 ICBM's, the United States none. In 1988, the Soviets produced 150 ICBM's versus only 19 for the United States. All of these increases occurred during Mr. Gorbachev's tenure.

While I may be willing to concede that Mr. Gorbachev is serious about his declared intentions, history tell us not to be precipitious in our desires to reduce military spending based on promises alone. Mr. President, during my more than 30 years in this distinguished body, I have heard these declarations of change in the Soviet Union many times before. During the 1950's, Mr. Khruschev alledgedly attempted to liberalize Soviet society only to have the initiatives reversed upon his removal from power. Many of my distinguished colleagues in the Senate believed that during the euphoria of détente we should reduce reduce military spending and expand high technology trade with the Soviets, which we did, only to watch Soviet military power and aggressiveness grow at unprecedented rates during the 1970's. During these periods of so-called change many of my colleagues considered Soviet attempts to liberalize their society "irreversible" and "unprecedented." We hear these same words, today.

History shows that we should welcome peaceful change, but only, and I repeat "only," when deeds match words. The outcome of declared Soviet reforms and intentions has not been determined and will not be for many years to come. More important, we must understand fully what the objectives of Soviet reforms are, and the implications of those objectives for U.S. national security.

Additionally, we cannot pin our hopes for true democratic change in the Soviet Union, on one leader. As recent events in China illustrate, threre can be dramatic reversals in intentions and behavior. China initiated major economic and political changes, indicating a desire to become more democratic; yet, it reverted to brutal totalitarian methods to quash democratic demonstrations and purged empathetic leaders. The same could happen in the Soviet Union and, in fact, has in certain Soviet republics. Recent strikes by Soviet miners and discontent among some Soviet leaders over the direction of Mr. Gorbachev's reforms should give us pause before making further cuts to an already austere U.S. defense budget.

Mr. President, in light of this, we must ensure that our defenses and military production base are able to maintain deterrence and stability. Mr. President, I ask my distinguished colleagues to consider these factors during their deliberations of this defense budget. We must not engage in further cuts to the defense budget or attempts to add back terminated programs. Secretary Cheney has made tough choices, and we should support him in his efforts to secure the highest quality of military capability during this time of seriously reduced military spending.

Mr. President, in closing, I want to take this opportunity to commend the distinguished chairman of this committee and the able ranking member, Senator NUNN and Senator WARNER. I think they have provided good leadership to our committee, and I also wish to express my deep appreciation to the various members of the committee for their cooperation and assistance in bringing to this body what I consider to be a sound defense bill. Mr. President, I yield the floor.

Mr. GORE addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. GORE. Mr. President, I too rise to support the defense authorization bill now pending. I would like to begin by echoing the words of our senior member of our committee, in terms of tenure, the Senator from South Carolina, and by also commending the work of my colleagues on both sides of the aisle who are members of this committee and who have worked hard to produce a good bill.

It cannot be said that we left all vestiges of partisanship at the door in the drafting of this bill, but it is true that we minimized partisanship and only allowed through those parts of it which reflected major differences of approach. Overall, the authorization bill represents good faith efforts by Senators in both political parties to reach agreement on what is best for the national defense at a time of rapid change at home and in the world. I am proud to have been a part of that effort.

I, too, wish to commend the leadership of our chairman, the Senator from Georgia [Mr. NUNN], and the ranking Republican member of the committee, the Senator from Virginia [Mr. WARNER]. I wish to commend the subcommittee chairs and the ranking members of each subcommittee, and I would like to commend the staff. This is a very professional staff, Mr. President, and they have done an excellent job in supporting the efforts of the members to produce this bill.

I think it is also appropriate to join others on the committee in saluting the work of the Secretary of Defense, Secretary Cheney. I strongly disagree with his approach to some issues, but I do agree that his leadership has helped to heal some of the wounds that were caused earlier by the controversy over the nomination of Senator Tower. All of us are impressed by the degree to which Secretary Cheney has come to grips with difficult issues and the hard work he has put in. Even though many of us do disagree on one issue or another, we do all respect his readiness to make firm decisions and to accept the controversy certain to follow.

Mr. President, as authorizers, our central task has been to find an equilibrium between the defense needs of the country and the country's ability to pay for them. At a time when political relations with the Soviet Union seem to be improving and when the Nation's fiscal situation remains severe, we are keenly aware that anticipatory cuts in defense spending made in the expectation of arms control agreements or in the hopes of relieving budgetary pressures through budgetary control can prove unsound if the arms control does not then materialize. The art of it has been to authorize a defense posture which is neither grossly out of keeping with budgetary and diplomatic realities nor likely to leave us in any danger in the event of a turn for the worse in United States-Soviet relations. That turns out to be a narrow line, indeed, as I hope it will become clear during the debate over this bill.

With those comments as preface, let me turn now to a discussion of issues in the bill which are of particular concern to me, including, first of all, issues relating to strategic forces.

An extraordinarily unusual situation was developing. Some weeks ago, the President began the current round of START negotiations by noting that he would not at this time make any adjustments in U.S. proposals for mobile ballistic missiles until he is certain that Congress will support his modernization plan for the MX and the single warhead mobile missile. Then last week, the Air Force Chief of Staff informed the committee that our entire approach to strategic arms control would have to be overhauled were Congress not to support the B-2.

As a result of these assertions, modernization of our weapons and arms control, which ought to complement and facilitate each other, are clearly in some danger of gridlock. Some in this body are opposed to the rail mobile MX; others to the single warhead mobile missile; and still others oppose both. Some are opposed to SDI, except at very reduced levels of spending, if at all. Some are opposed to the B-2 as too costly, and some are vehement proponents of one or more of these weapons systems or all of them. Consensus is, therefore, extremely hard to obtain and the problem of sustaining it is compounded by its tentative nature.

Under the circumstances, Mr. President, I firmly believe that the committee may well have struck the only possible balance in its approach to these systems. MX rail mobile will proceed; Minuteman will proceed at a slower pace; the B-2 will proceed provided the aircraft meets a series of test flight criteria; SDI has been cut but is still well funded, particularly in view of the shifting of gears now going on in that program with the Brilliant Pebbles, as the latest design is called, grinding against the former design of SDI as we used to know it.

Clearly, there are elements in the strategic program as acted upon by the committee which are controversial no matter which way one surveys opinion in the Senate. Very few Members are prepared to support the entire program as a matter of conviction. Almost everyone has druthers. But if we pull the plug on any of these programs, agreement on the others is then jeopardized. The outcome would almost certainly be further delay and expense in these defense programs and a possible crisis in the way the administration sees its situation in arms control.

To some extent, the administration has a point. There is little point in pursuing an arms control concept that involves certain rights to modernization if at the end of the process the United States lacks the will to exercise those rights. On the other hand, Mr. President, the administration would have had a better chance to marshal support if it had at least given us a sense of where it intends to go if it does, indeed, when Congress gives its support. So far that overall framework, including the indications of what our course will be in Geneva, is still missing, and its absence contributes to the risk that we will fall into disarray.

I do not believe we will fall into disarray. I believe the committee's workproduct will be supported, and I urge my colleagues to support it. One of the reasons I do so is I believe very deeply, Mr. President, that in a democracy confronted with the kind of challenge we face throughout the postwar period, consensus is itself a strategic asset. We discard it at our peril. We build it to our benefit. I believe that we have in this committee product created the basis for a sound consensus.

I think the product stands on its own merits.

This year the problem is not as acute as it will be next year. Our decisions are still reversible this year. Members who dislike one element or another of the package approved by the committee might yet feel comfortable voting for the whole package. Next year, however, we will be approaching a threshold where change becomes much more problematic. MX rail mobile will be moving rapidly toward deployment by then. Midgetman should be receiving a new infusion of funds. The B-2, assuming it has been successful in its flight test next Wednesday, will then become a production issue. SDI presumably will have achieved some new kind of focus and be ready to proceed toward its stated research goals.

So this year I urge that the Senate support the Armed Services Committee mark on strategic modernization. Next year I believe that the administration must have by then showed its hand in arms control. We must understand by then where the administration proposes to go. We need to have debated between now and then how much it will cost us to get there and whether we can afford the tab. We need to have explored alternative outcomes in arms control that might reflect funding decisions that Congress has the duty to consider and the right to make.

Mr. President, it is worth noting that the Soviet Union has been clearly signaling its view that the future of the strategic balance lies with increased mobility of single-warhead missiles. Indeed, a well-known projection of the future of strategic forces, referred to at least twice by General Secretary Gorbachev publicly, has stated the view of the authors in the Soviet Union that the ideal strategic balance in the future will one day comprise a few hundred single-warhead mobile missiles based on land in conjunction with other forces.

Just this morning we see new reports of a prominent Soviet military spokesman indicating that multiple-warhead land-based mobile missiles might be subject to negotiation, the MX for the SS-24. We do not know how much stock to put in those comments, but if they are true, if they, in other words, provide any accurate measure of Soviet intentions, then they would somewhat justify the reports coming out of the White House that one option under active consideration on our side is to propose a ban not on mobile missiles across the board but on multiple-warhead land-based mobile missiles.

Such a proposal, Mr. President, would point both superpowers, the United States and the Soviet Union, in the direction of a single-warhead mobile missile as the deterrent weapon of choice for both sides in the future. Why? Because that weapon is simultaneously accurate and powerful enough to provide deterrence but invulnerable and capable of riding out any kind of aggressive first strike by the other side. It is, therefore, the ideal weapon system to produce what is called stability, that is, a relationship between the arsenals on both sides which minimizes the fear of a first strike on either side.

Mr. President, the National Security Adviser for President Bush is well versed in these matters, and as one member of this committee I take some comfort from his presence in the National Security Council at the hand of President Bush as these issues are considered in the months and years ahead.

Next, Mr. President, I would like to turn from strategic modernization to another major concern of this Senator, and that is the environment and speak about that concern as it is manifested in the authorization bill before us.

This year the committee has made an extremely important step toward coming to grips with the clean up of Department of Energy facilities. We have added nearly one-half billion dollars to the budget for this purpose, one-half billion dollars over the amount proposed by the administration, but it is just a start and all of us realize that. Ahead of us are expenditures which will consume very large amounts of resources for a long time to come. But in this bill we have made an important beginning.

In another aspect of the environmental problem we face, the emission of chlorofluorocarbons and halons to the atmosphere and the problem of biodegradables and recycling, I am happy to have been able to work closely with the ranking minority member of the committee, Senator WARNER, on a modest but precedent-setting set of provisions. Under these provisions, the Department of Defense will be encouraged to pursue both its near-term efforts to reduce unnecessary emissions of these chemicals, to find replacements for them in the longer term, and through the use of biodegradable packaging to play a constructive role in the national effort to arrest environmental damage. Indeed, this committee takes the position with this bill and report, and urges the Senate to do the same, that the environmental crisis now facing humankind should be seen as a national security issue. Our national security is threatened by the environmental crisis before us, and we must respond with urgency.

Mr. President, in closing, the bill presented by the Armed Services Committee today is not perfect and no one connected with this kind of activity claims that or would expect that, but it is a well-made product. I am proud as a member of the committee to have taken part in its creation and I am proud to commend this bill to my colleagues in the Senate.

Mr. President, I yield the floor.

AMENDMENT NO. 392

(Purpose: To authorize appropriations of additional amounts for fiscal years 1990 and 1991 for procurement of missiles for the Armed Forces)

Mr. NUNN. Mr. President, I send an amendment in behalf of myself and Mr. WARNER, and actually every member of the committee individually on both sides of the aisle, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Georgia [Mr. NUNN], for himself, Mr. WARNER, Mr. EXON, Mr. LEVIN, Mr. KENNEDY, Mr. BINGAMAN, Mr. DIXON, Mr. GLENN, Mr. GORE, Mr. WIRTH, Mr. SHELBY, Mr. BYRD, Mr. THURMOND, Mr. COHEN, Mr. WILSON, Mr. MCCAIN, Mr. WALLOP, Mr. GORTON, Mr. LOTT, Mr. COATS, and Mr. DECONCINI, proposes an amendment numbered 392.

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

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

The amendment is as follows:

At the end of part A of title I insert the following:

SEC. 108. AUTHORIZATION OF APPROPRIATIONS OF ADDITIONAL AMOUNTS FOR PROCUREMENT OF MISSILES

(a) FISCAL YEAR 1990.—Funds are hereby authorized to be appropriated for fiscal year 1990 for procurement of missiles for the Army, Navy, and Air Force as follows:

For the Army, $362,400,000.

For the Navy, $125,100,000.

For the Air Force, $109,300,000.

(b) FISCAL YEAR 1991.—Funds are hereby authorized to be appropriated for fiscal year 1991 for procurement of missiles for the Army, and Air Force as follows:

For the Army, $227,500,000.

For the Air Force, $109,300,000.

(c) ADDITIONAL AUTHORIZATION.—Funds authorized to be appropriated pursuant to subsections (a) and (b) are in addition to funds authorized to be appropriated under sections 101, 102, and 103.

Mr. NUNN. Mr. President, at the time the Armed Services Committee reported the Defense authorization bill, the committee also reported a separate bill (S. 1367) authorizing an increase in funds for the purchase of advanced conventional munitions for the military services—the so-called smart munitions. This separate bill is now being offered by me, Senator WARNER, Senator LEVIN, Senator WILSON, and all the other committee members, in our capacities as individual Senators, as an amendment to the Defense authorization bill.

This amendment increases by $596.8 million in fiscal year 1990 and $336.8 million in fiscal year 1991 the amounts in the underlying authorization bill to procure smart munitions such as air-to-air missiles and air-to-ground missiles. However, this amendment does not increase the overall authorization total of the bill over the budget summit level of $305 billion. The committee left room for the funding increase in this amendment in the hope that the Senate would approve it duirng floor debate.

We are offering this amendment because the administration's budget request proposes deep reductions in missile procurement programs, resulting in increasingly inefficient production lines. These stretchouts also occur unfortunately for munitions which are in short supply.

This amendment enjoys bipartisan support on the Armed Services Committee. I strongly support the amendment as does my colleague, Senator WARNER. Senator LEVIN, and chairman of the Conventional Forces Subcommittee, and Senator WILSON, the ranking minority member, developed the recommendation in the Subcommittee on Conventional Forces and Alliance Defense and will provide the detailed explanation.

Mr. President, there are three key reasons why the full Senate should support this amendment. And I would hope that the Senate could vote on it in the 5 p.m. timeframe.

SUSTAINABILITY A KEY REMAINING DEFICIENCY

The first point concerns the level of munitions stocks available to air troops in the field. The combatant commanders and their representatives testified that the military requirement for smart munitions far outstrips their stock of war reserves. In short, we have dangerously low inventories of sophisticated guided munitions available to our combat forces today. These shortages in effect are "war stoppers." Once these stocks are depleted, the finest fighters and attack helicopters in the world will be reduced to dropping Korean war-vintage iron bombs.

During our committee's hearings on this bill, some of America's most senior military commanders told the committee that they face serious shortages.

This spring, Gen. Thomas C. Richards, deputy commander in chief of the U.S. European Command, testified that "our greatest weaknesses are in the areas of * * * war reserve stocks of preferred munitions. We can ill afford to reduce our readiness and sustainability." General Richards also stated that "all the services, Army, Navy, Air Force, Marine Corps, all have shortages, severe shortages of preferred munitions."

Several of the commanders in chief complained that the forces under their command were limited to days of supply of some key munitions. Maj. Gen. Christian Patte from the U.S. Central Command noted that "overall [U.S. Central Command] has realized only marginal growth in the amount of stocks on hand. There is no fix for these problem areas short of procuring the needed stocks. We need strong support for additional funding to improve both the level of effort and threat oriented posture."

During the past 8 years there has been a dramatic improvement in the quality and readiness of our forces. But combat sustainability has lagged far behind. We are ready for the most part to go to war within days, but we can't stay in the battle for long because of limited stocks of advanced conventional munitions.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table comparing the inventory of selected guided munitions with the stocks available.

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

TABLE 1.—*Percentage of inventory versus requirements*

[Percentage at end of funded delivery period]

	Percent
TOW 2 (Army)	13
MLRS	47
Stinger (Army)	43
Hellfire (Army)	63
HARM (Navy & AF)	60
Maverick (Navy & AF)	30

Mr. NUNN. This table vividly illustrates that the services fall far short of required inventory levels for many of our most important modern munitions. These are also the munitions for which the production rates are being reduced unless we change the administation's proposed budget request by increasing it as we do in this amendment.

For example, the chart shows that we have only 13 percent of our inventory requirements of TOW 2 antitank missiles. This is the primary tank-killing missile in the Army. Most of our TOW missiles are ineffective because the Soviet Union has installed so-called reactive armor on their tanks. Only the TOW 2 will be effective and we have only 13 percent of our inventory needs met.

Similarly, the Army has only 47 percent of its requirement of multiple-launch rockets. During the past 18 months the Department of Defense conducted a comprehensive study called competitive strategies. This study examined ways to use our most promising technology against the enduring weaknesses of the Soviet military. The multiple-launch rocket system was one of the most important weapons in our inventory, and we have

only 47 percent of our inventory requirements.

In some instances, our attack helicopters and combat fighters could make just a handful of sorties before running out of advanced munitions. For example, the Army couldn't fully load the AH-64 attack helicopters to fly more than two missions before they run out of Hellfire missiles. Mr. President, the Apache helicopter costs $11 million each, yet after two missions it will have nothing to fire at Soviet tanks if there is a war.

The Air Force won't have enough Maverick missiles—which is the Air Force's only tank-killing missile—to send all of their tactical aircraft off for just one mission.

Mr. President, does it make sense to buy helicopters that cost $11 million each and fighters that cost between $20-50 million each—and some of them much more than that—but not to buy enough $35,000 missiles to last more than a few days? Obviously the answer is it does not make sense.

Another example—the Army will have only 43 percent of its requirements for Stinger air defense missiles with this year's budget request. The Stinger missile more than anything else we provided helped turn the war in Afghanistan, yet we will have only 43 percent of our requirements for American military forces.

Our inventories are dangerously low—in many cases the services have less than half of their requirements for advanced munitions—and this year's budget request would significantly slow the rate of improvement. This amendment is designed to reverse this situation.

AMENDED BUDGET PROPOSES SERIOUS STRETCHOUTS

Second, the administration budget request would significantly cut the production rate for conventional guided missiles in fiscal years 1990 and 1991. The amended budget request stretched out the production rate on 80 percent of the tactical guided missiles. Funding for 25 of the most important missiles that were identified by the Joint Chiefs of Staff fell 17 percent between fiscal year 1989 and fiscal year 1990.

Because of these stretchouts, the unit costs for munitions has skyrocketed. The unit cost on five of the major munitions programs would increase by an average of 19 percent as a result of these production stretchouts. I ask unanimous consent that a chart showing the proposed administration stretchouts in missile production and the impact on the unit cost be printed in the RECORD at this point.

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

TABLE 2.—STRETCHOUTS IN MISSILE PRODUCTION AND IMPACT ON UNIT COSTS

	Fiscal year—		Percent	
	1989 actual	1990 proposed	Decrease quantity	Increase in unit cost
Hellfire (Army)	6,000	3,102	48	25
MLRS rockets	48,000	24,000	50	21
Stinger (Army)	6,750	2,375	65	35
TOW 2 (Army)	12,000	9,455	21	11
HARM (Navy and AF)	2,200	1,488	32	[1] 4

[1] CBO estimate.

Mr. NUNN. Mr. President, because of the stretchout, the unit costs for the Hellfire missile increases 25 percent; for the MLRS rocket, a 21-percent increase in cost; for the Stinger Army missile, a 35-percent increase; for the TOW II missile, an 11-percent increase; and costs on the HARM missile would also go up.

Mr. President, we hope to turn that around with this amendment if it is agreed to by the Senate.

This table illustrates the serious impact on costs that come with stretchouts. The administration proposed to cut back the Hellfire missile from 6,000 last year to 3,102 this year, which is a 48-percent reduction. That stretchout causes the unit cost to skyrocket 25 percent per missile. So every Hellfire missile is going to cost 25 percent more than it should because of this stretchout. The Army proposed to cut back the production rate on Stinger missiles by 65 percent, and unit costs will soar 35 percent. We will pay a third more than we need to for Stinger missiles because of these stretchouts.

Mr. President, I could go through each one but the bottom line is the same—stretchouts raise the cost per unit and we are still far short of our requirement.

BUDGET REQUEST THREATENS COMPETITION

Third, the amended budget request seriously threatened competition that had been established for munitions programs. In recent years the military departments have established two competing producers for most major missile programs. Competition has substantially lowered cost, yet the proposed stretchouts are so severe that they threaten that competition in several key areas.

Mr. President, I ask unanimous consent that a table showing the proposed production rates in the budget request be printed at this point in the RECORD. This table shows the minimum production rate required for competition, the maximum production rate and the proposed production rate for fiscal year 1990.

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

TABLE 3.—PROPOSED PRODUCTION RATES COMPARED TO MINIMUM EFFICIENT PRODUCTION RATES

	Minimum economic rate	Maximum rate	Proposed rate
Hellfire (Army & MC)	6,360	13,500	4,200
MLRS	36,000	96,000	24,000
Stinger	5,100	25,440	2,375
TOW 2 (Army & MC)	21,600	30,000	10,294
HARM (Navy & AF)	2,400	3,240	1,488
Maverick (Navy & AF)	[1] 3,060	6,000	2,830

[1] Denotes minimum sustaining rate, rather than minimum economic rate.

The minimum production rate is the number of missiles that can be produced with the tools and facilities, assuming one shift of workers working 8 hours a day, 5 days a week. The minimum rate, while not desirable, is really the lowest level at which a system should be produced to avoid exorbitant costs per unit.

The maximum rate is the highest efficient production rate given the tools and facilities that have already been purchased. In other words, this is the desirable rate since we have facilitized at this level.

As can be seen in this table, the proposed production rate consistently falls below the minimum economic production rate, and far short of the maximum efficient production rate. In the case of the Maverick missile, the proposed production rate falls below the minimum sustaining production rate.

The fact that there are two producers for these missiles makes the problem even more serious, because you cannot sustain any kind of competitive base at these uneconomic rates.

Again, the Hellfire missile is a good example of what we lose in terms of competition. The Hellfire missile is carried by the Army's AH-64 attack helicopter and is designed to destroy enemy tanks. The Army established two manufacturers for Hellfire missiles in order to have annual competitions. Each producer must be given at least 2,100 missiles per year in order to stay in production. In recent years the Army procured approximately 7,000 missiles per year which was sufficient to sustain a robust competition. But the Army and the Marine Corps are now proposing to buy only 4,200 missiles in fiscal year 1990 and the following 2 years. At this level there can be no competition, because each company has to get half of the production just to stay open. The millions of dollars spent to establish competition is being frittered away because the Army is proposing to buy insufficient numbers of missiles.

This is a typical story. The Navy and the Air Force are qualifying a second source producer for the HARM missile, yet the production rate for fiscal year 1990 of 1,488 missiles is 40 percent below the minimum efficient production rate. That is the rate where each producer can produce missiles

with only one shift working 5 days a week. That is the minimum economic rate, yet the Navy and Air Force plan to buy HARM missiles at a rate 40 percent lower than that minimum rate. We will have workers and machines standing around idle in two factories because the Navy and Air Force are not buying enough missiles.

Because the administration proposes to buy such small number of missiles, each missile costs too much because excess plant capacity goes unused. And for these five missiles, there are two producers that are supposed to be competing to produce missiles, but which cannot compete because the proposed production rate is so low that each company has to be guaranteed minimum rates if they are to stay in business.

Mr. President, the services, particularly the Navy, have gone out and qualified two sources for these missiles, which is a good move in the right direction. But dual source competition is premised on a certain inventory objective and production rate. The Navy, the Army, and the other services, when they qualify a second company in order to provide competition, then pay for the tooling, for the production facility at two plants. Then all of a sudden, the services propose to reduce production levels to the point where you simply cannot sustain two sources. The services end up wasting a lot of money. That is absolutely useless.

In short, Mr. President, we have serious stretchouts as well as excessive production capacity—in other words, the worse of all possible situations. The proposed cuts in the budget are militarily unwise and economically unsound.

Secretary Cheney has made some excellent decisions in the amended budget request, but this area isn't one of them. In fairness to Secretary Cheney, the bulk of these stretchouts occurred in the Reagan budget submission, but Secretary Cheney was unable to correct these problems with his amended budget. The Senate today has an opportunity to start that corrective action.

MUNITIONS AMENDMENT

Mr. President, in light of these serious problems, the committee decided to add $596.8 million in fiscal year 1990 and $336.8 million in fiscal year 1991 to the defense authorization request for sophisticated guided munitions. This amendment would restore these programs to more efficient production rates and help save money by insuring the numbers are sufficient for competition. More importantly, this amendment would buy more of the war stopper munitions that are critically short while buying them at a lower unit cost.

The amendment does not add back any expensive programs that have been recommended for termination by Secretary Cheney. Nor does it buy systems that are not needed. In fact, the amendment would restore funding to the production level that we had for those systems just last year so as to prevent massive stretchouts, delays in filling the war stocks and to avoid the cost increases caused by stretchouts.

If these shortages go unaddressed, American soldiers, sailors, marines, and pilots will run out of advanced munitions early in a conflict and be forced to utilize less effective munitions. Pilots, for example, would have to fly right over defended targets and drop dumb gravity bombs. This needlessly puts at risk highly trained pilots and very expensive platforms. Soldiers would have to launch TOW missiles that we know can't penetrate the latest Soviet armor. And in some cases—such as the Hellfire missile, AH-64 helicopters would have no tank-killing munitions at all once the current stocks are depleted. In short, the vulnerability of our forces—both men and equipment—would increase substantially once the sophisticated munitions inventories are depleted.

America cannot afford to match the Soviet Union bullet for bullet. If we tried that we would lose. Instead, the United States relies on its technological advantage. But if we don't buy sufficient stocks of technologically advanced munitions we will cede our technological lead in sensor technology, computers and guidance systems to the Soviet Union.

Mr. President, I encourage all of my colleagues to support this amendment. It represents the type of responsible action our committee has taken in the past and proposes today to increase the sustainability of our combat forces. We are not proposing to buy anything the Defense Department doesn't have in its budget. We are just proposing to buy the missiles are more efficient production rates.

Specifically, this amendment would buy 24,000 more MLRS rockets, 2,000 more Stinger missiles, 2,800 more Hellfire missiles, 4,300 more TOW missiles, and 700 more HARM missiles. This amendment would in effect double the production rate on MLRS rockets and Stinger missiles, buy 66 percent more Hellfire missiles, 40 percent more TOW missiles, and nearly 50 percent more HARM missiles. I ask unanimous consent that a chart listing the sytems included in the amendment at the level that would occur if the amendment is adopted be printed in the RECORD.

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

MUNITIONS TO BE PURCHASED WITH FUNDS PROVIDED BY AMENDMENT

	Amended budget request	Authorized with amendment
Multiple launch rockets	24,000	48,000
Stinger missiles	2,375	4,375
Hellfire missiles	4,200	7,000
TOW 2 missile	10,294	14,594
HARM missile	1,488	2,188

Mr. NUNN. We want to give every Member of the Senate an opportunity to review and consider these recommendations.

Mr. President, this amendment makes military and economic sense and I urge my colleagues to support it.

Mr. President, I want to thank, particularly, Senator LEVIN and Senator WILSON for their leadership on this initiative. Senator LEVIN has taken a deep interest in making sure we have efficient production rates. I know he will be back in a few minutes to discuss this amendment in greater detail. I also thank Senator WARNER for his support. We will be voting on this amendment shortly after 5 o'clock. I will ask for a rollcall vote on it.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. I strongly support this amendment. Clearly, the chairman points out lower unit costs and greater efficiency. This is what we are trying to invoke in so many of the programs in the Department of Defense.

Mr. President, I see one of our distinguished members of the committee about to make his opening statement. I yield the floor.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, I also want to support the amendment offered by the chairman and supported by the ranking member of the committee. I would add a few general comments about the bill before us this week.

This Defense Department authorization bill has been carefully crafted over a period of several months. And, as is usually the case in these circumstances, it represents a marriage of convenience. But while it has been aptly said that "marriages of convenience are not expected to be joyous," there is nothing that keeps them from being successful. And I am convinced that this bill has the elements required for success.

First of all, I am convinced that Secretary of Defense Cheney should be congratulated, not criticized, for making the very tough stretch-out, reduction, and termination decisions he did. For years, the Congress has been calling on the Secretary of Defense to trim its procurement. Now Secretary Cheney has finally heeded the call.

This is not to say that the DOD bill should be closed to further debate. I am not implying that all its decisions were uniformly sound. But I would suggest that Senators seriously consider the tradeoffs that went into this bill and those that will be required in reversing termination decisions that he made.

Second, I would also add that as a freshman on Armed Services, my introduction to the process was instructive and encouraging. The chairman and ranking member—the managers of the bill—should be congratulated for their outstanding job thus far. During the markup of the DOD bill, the Senators from Georgia and Virginia provided balanced leadership—strong but not suffocating. And I would hope that the standards set by the Senate Armed Services Committee in considering the DOD authorization bill would be applied by the Senate as a whole.

Before closing, let me make several observations relevant to our consideration of this vital piece of legislation.

Despite obvious changes in the Soviet Union and international relations more generally, the United States and its allies continue to face significant military threats. During this year's Armed Services Committee budget hearings, the Joint Chiefs and numerous other military witnesses described a tremendous growth in Soviet military capabilities, especially in strategic forces.

It follows that since our adversaries has not relaxed their ambitions, we must not relax our vigilance. Strong and balanced forces will be required for the foreseeable future to ensure deterrence and to provide important leverge in arms control negotiations.

Finally, I am convinced that modifications in our defense budget should thus not come at the expense of any particular element of our military posture. It would be shortsighted to significantly cut any single category in order to fund increases in others. For example, I hope that Senators will avoid using strategic force accounts to fund terminated conventional programs, however worthy these programs may be.

Mr. President, once again, I would like to commend the chairman and ranking member of the Senate Armed Services Committee for an excellent job in bringing the DOD authorization bill to the floor, and I look forward to working with them this week as we address this very important piece of legislation.

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I rise in support of the amendment which has been offered by all members of the Armed Services Committee, by the chairman of the committee and the ranking minority member thereof. This is a well thought-out piece of legislation, and if we are going to have a rollcall vote on this, I urge strong support for the amendment.

It makes sense from the standpoint of making basic munitions as well as smart munitions available to the armed services. While they are generally supported by the administration, they were not supported to the extent that it was necessary for effective production rates. Therefore, I salute the chairman and the ranking member for offering this on behalf of all members of the Armed Services Committee and hope that it will receive strong support in the U.S. Senate.

I thank the Chair and yield to floor.

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, before I speak on the pending committee amendment which has been offered by our chairman, let me briefly indicate my support for the authorization bill as a whole that is before us.

I am the chairman of the subcommittee that has responsibility for reviewing our major conventional defense commitment, which is the conventional defense of Europe and northeast Asia. Our subcommittee is the Subcommittee on Conventional Forces and Alliance Defense. We also oversee the unified commands that are assigned those responsibilities.

To complement those duties the subcommittee is responsible for reviewing the development and procurement proposals for the conventional weapons systems that are required to meet those particular military requirements.

Our subcommittee has jurisdiction over approximately 13 percent of the budget request. We held a series of hearings this spring which became the basis for our recommendations which were incorporated in this bill.

Through those hearings, we uncovered some important problems in our defense program. We provided a direction for reviewing and revising the administration's amended budget request. I would like to spend a few moments to highlight some of the recommendations of the subcommittee that were incorporated in this bill.

The first is this munitions initiative which is the subject of the amendment which the chairman has proposed. Our subcommittee has recommended that over $500 million be added in fiscal year 1990 for additional tactical missiles. Tactical missiles were inadequately funded in the budget request. Eighty percent of all missile production lines were stretched out compared to last year and we recommended increases to avoid these expensive stretchouts; the shortages in key munitions And we also avoid through this amendment the expense of curtailing production this year, only to ramp up again next year as proposed by the administration.

The administration proposed very erratic production rates: Cutting down production this year, stretching out production thereby, and increasing unit cost. Yet at the same time they propose to go right back up again next year. That is a very expensive proposition.

The full committee accepted these recommendations and, as you have already heard, our chairman has offered the so-called munitions package to the full Senate for our consideration as a committee amendment.

In another important area, the subcommittee I chair continued our evaluation of the Army's progress in addressing the armor-antiarmor balance that had deteriorated through the 1980's. Last year the subcommittee conducted a comprehensive review and found that the armor-antiarmor balance between the United States and the Soviet Union's Armed Forces had deteriorated. Army witnesses acknowledged that our bullets, in the form of antiarmor missiles, would literally bounce off Soviet tanks. Our hearings and investigations found that the Army had substantially increased its commitment during the past year to restoring the qualitative superiority that had characterized our armor and antiarmor forces in previous years and were back on the right track. We continue that initiative to redress that armor-antiarmor balance in this year's budget.

In the area of close air support, last fall Senator DIXON offered an amendment, which was adopted, directing the Director of Operational Test and Evaluation to develop a test plan for close air support aircraft. There has been substantial controversy associated with close air support in recent years.

The subcommittee reviewed that test plan and concluded that it was a solid basis for evaluating modernization alternatives for close air support aircraft.

Mr. President, I want to take a moment to thank members of the subcommittee, all of the members, but particularly Senator WILSON, the ranking Republican member, for the contributions and cooperative bipartisan approach to the work of this subcommittee.

Now, Mr. President, on the matter which is before us, which is the committee amendment that would add funds for conventional munitions, I rise to support that committee amendment; indeed, to be cosponsor of it.

It would add approximately $600 million in fiscal year 1990, and $336 million in fiscal year 1991 to buy needed, sophisticated, guided munitions.

This amendment does not break the budget summit agreement nor does it require offsets, because the committee-reported bill already assumes that this amendment will be adopted.

If it is not adopted, of course, we would have that much room in the budget for something else. There is room, in other words, in this bill to accept these increases without exceeding the budget summit ceiling.

This amendment would add funds for MLRS rockets, for Stinger missile, Hellfire missile, TOW II missile, and the standard missile. The amendment would add the following numbers in this year's budget.

I ask at this point in my remarks, the numbers requested by the administration for those items, the proposed increase in the items, and the percentage increase be incorporated and printed in the RECORD in full because I understand the chairman has already listed them for the Senate.

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

This amendment would add the following numbers of missiles in fiscal year 1990 to the Administration request:

	Administration request	Amendment increase	Percent increase
MLRS rocket	24,000	24,000	100
Stinger missile	2,375	2,000	84
Hellfire missile	4,200	2,800	67
TOW 2 missile	10,294	4,300	42
HARM missile	1,488	700	47
Standard missile	590	370	63

Mr. LEVIN. Mr. President, this is not a pork-barrel amendment or a parochial matter. This amendment corrects problems with the budget that was sent to the Congress by the administration. We wanted to emphasize this initiative because sometimes the actions of our committees, not just the Armed Services Committees but other committees, are mischaracterized. Sometimes they are properly characterized. But at times they are mischaracterized.

We are criticized at times for adding items which benefit our home States. We thought it important to highlight this initiative as an important initiative for our Nation's defense and our Nation's security.

The problem with the President's budget is that the President cuts back production rates of needed precision-guided missiles to extremely low levels. Eighty percent of missile production lines were stretched out compared to last year. Funding for 25 of the most important missiles fell by 17 percent. Every single missile in the Navy budget request was stretched out.

Stretchouts will make production rates inefficient, increasing costs needlessly. Inefficient production rates mean great additional costs for each one of these missiles, over what they otherwise would have been.

This amendment adds funds for five key conventional munitions. Every one of these missiles we propose to increase will be manufactured below the minimum economic production rate unless this amendment is adopted.

Just to give one example, the costs of each one of the Hellfire missiles will go up 25 percent if we stretch out the production of that missile as proposed in the administration's budget.

The Stinger missile. If that production is stretched out so we produce fewer missiles, the unit costs will go up by 35 percent for each Stinger missile. In other words, we can buy four Stinger missiles, instead of three, if we have a decent production rate. The average missile would go up by 19 percent because of the stretchouts in this year's proposed budget.

We also have a shortfall in our munitions inventories. General Thomas Richard, Deputy Commander-in-Chief of the European Command said that all of the services—Army, Navy, Air Force, Marine Corps—have shortages, severe shortages, in his words, of preferred munitions.

The first one is the multiple launch rocket system, the MLRS. This is one of the most effective weapons that is in the Army's arsenal. One MLRS launcher can deliver 8,000 grenades over a 30-acre area 40 kilometers behind enemy lines in 30 seconds. It is a revolutionary new weapon. It has proven to be one of the most important weapons systems in the competitive strategies review which was recently held by the Defense Department. Because of its importance, the Army recently doubled its inventory requirements from 400,000 rockets to 800,000 rockets. We only have half of the requirements met.

From 1982 to 1988, the Army procured 72,000 rockets per year, but because of a shortage of propellant, last year that figure was cut to 48,000 rockets. This year, without that shortage, but for budget reasons, the administration is proposing to buy 24,000 rockets. That is not even enough to fully require one shift of workers 5 days a week. Just to show how inefficent that production line is, you cannot even keep one shift going at that rate. Putting aside the military need for this rocket, which substantial the administration has proposed a the totally inefficient production rate for this rocket, which is going to cost so much more per unit as a result.

We have sufficient plant capacity to produce 96,000 MLRS rockets a year. We have the need for many, but we have stretched it out in this proposed budget and in the committee amendment before the Senate at this point will avoid that stretch out. We will add $128 million in fiscal year 1990 and $132 million in fiscal year 1991 to restore that production to last year's level of 48,000 rockets.

One other item is the Stinger missile, which is a heat-seeking shoulder-fired missile. Its combat effectiveness was proven in Afghanistan where they had over 75 percent success rate. Those were the early models of the Stinger. Today we are producing a much more sophisticated version. The Army has less than half of its inventory requirement of the Stinger missile, but the administration slashed Stinger missile production by 75 percent from about 10,000 last year to only 2,400 this year. That stretchout sends unit costs through the roof. As a matter of fact, Stinger missile costs increase by 35 percent.

Mr. President, the story is the same basically with the Hellfire antitank missile, the TOW II antitank missile and the HARM antiradar missile.

HELLFIRE ANTI-TANK MISSILES

The Hellfire missile is the Army's most powerful antitank missile. It is the only missile today that is assured of destroying Soviet tanks with reactive armor.

The Hellfire missile is the only system that the Army's AH-64 attack helicopter can fire.

We have only enough missiles for a few sorties. Once those missiles are gone the AH-64 helicopters will be useless.

The budget proposal slashes production in half, from approximately 7,000 in fiscal year 1989 to 4,200 in fiscal year 1990.

The production stretchout drives up unit costs by 25 percent from $35,000 per missile to $44,000 per missile.

The Army has only 63 percent of its requirements, while the Marine Corps has only one quarter of its requirements.

From the beginning the Army has had two producers of Hellfire missiles. But each producer has to have 2,100 missiles to stay in business. So at the budget request of 4,200, there is only enough to keep each producer barely alive.

There can be no competition if you buy enough missiles so that both barely stay alive. They cannot compete if they cannot do anything other than stay afloat.

The committee amendment adds $93 million this year and $94 million next year to bring the production rate back up to 7,000 per year. This is sufficient to maintain the competition.

TOW II ANTITANK MISSILES

Existing TOW missiles cannot penetrate the latest Soviet armor. Only the new model TOW 2A's can penetrate Soviet armor. We have lots of old model TOW missiles, but very few of the new generation—only 13 percent of requirements.

The amended budget request would cut Army TOW missile production

from 12,000 last year to 9,455 this year, a 21-percent reduction. This stretchout would drive up unit costs by 11 percent.

This represents an extremely inefficient production rate. Despite the fact they are requesting only 9,455 missiles, there is sufficient production capacity to manufacture 30,000 missiles a year.

The Army is also planning to establish a second source producer, even though they are procuring missiles at only a third of existing capacity.

The committee amendment adds $51.1 million to buy an additional 4,300 missiles. This is sufficient to keep production at last year's level to avoid a needless stretchout.

HARM ANTIRADAR MISSILE

The HARM missile is designed to fly back down the radar beam of an enemy radar and destroy it so that those enemy radars can't attack U.S. tactical aircraft. HARM missiles have proven to be indispensible in any conflict. HARM missiles are always on the short list of munitions shortfalls that the top military commanders complain about.

The administration has proposed a massive 32 percent cut in production from 2,200 last year to about 1,500 this year. Both the Navy and the Air Force use HARM missiles and will have satisfied only 60 percent of their inventory requirements.

The Navy has developed a second producer for HARM missiles, and that competition is threatened by the low production rates.

Mr. President, finally, returning to the authorization bill itself, one of the hardest issues that we had to deal with—was Secretary Cheney's recommendations to terminate several major conventional weapons systems. Most of those weapons systems were in the jurisdiction of my Conventional Forces Subcommittee. We had a far-ranging debate within the subcommittee, and within the full committee on the program termination issue. Many of us did not favor termination of some of those programs.

I offered amendments to restore funding for terminated programs by taking funds from what I believed are redundant strategic nuclear weapons systems. I did not succeed. I plan to offer an amendment during consideration of this bill that would cut funds from certain nuclear weapons systems, which I consider to be redundant, in order to increase funding for conventional systems, including some of the terminated conventional systems.

We should give Secretary Cheney his due, even those of us who do not agree with his priorities. He faced up to the serious mismatch between the programs that the services have started and the resources which are available to fund those programs. While I happen not to agree with all of Secretary Cheney's selections for termination, I commend him for facing up to the challenge. He has done what is long overdue and what is necessary, particularly this year in this time of budgetary constraint and huge budget deficits.

Mr. President, I yield the floor and I thank the Chair.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

AMENDMENT NO. 393

(Purpose: To establish constitutional procedures for the imposition of the death penalty in treason and espionage cases)

Mr. SPECTER. Mr. President, I send an amendment to the desk on behalf of myself and Senator WARNER and ask that it be printed in the RECORD.

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

The amendment is as follows:

At the appropriate place insert the following:

SEC. . DEATH PENALTY FOR ESPIONAGE.

(a) ESPIONAGE.—Section 794(a) of title 18, United States Code, is amended by striking "by death or" and by inserting immediately before the period the following: ", or the court may impose a sentence of death in accordance with the procedures set forth in section 7001 of the Anti-Drug Abuse Act of 1988 (21 U.S.C. 848)";

(b) ESPIONAGE IN TIME OF WAR.—Section 794(b) of title 18, United States Code, is amended by striking "by death or" and by inserting immediately before the period the following: ", or the court may impose a sentence of death in accordance with the procedures set forth in section 7001 of the Anti-Drug Abuse Act of 1988 (21 U.S.C. 848)";

Mr. SPECTER. If I might have the attention of the distinguished Senator from Michigan, I had just come to the floor since there was a break in the impeachment proceedings of Judge Hastings where I am on the committee, and I am glad to find the Senator from Michigan on the floor. The amendment I have sent to the desk, not having asked for its immediate consideration, but for printing, provides for dealth penalty for espionage.

I have talked to Senator HATFIELD on other business shortly before coming to the floor and had intended to notify the distinguished Senator from Michigan about this amendment because it might be objected to. As it is noted, the distinguished Senator from Michigan, along with the distinguished Senator from Oregon [Mr. HATFIELD] have opposed death penalty bills in the past. It may be since this one applies to espionage that they will not oppose it. I just alert my friend as to the nature of this amendment. I have discussed with the managers of the bill, the distinguished Senator from Georgia [Mr. NUNN] and the distinguished Senator from Virginia [Mr. WARNER] my intention to offer this amendment to the bill.

Senator NUNN had commented that it was the intention of the committee to proceed with the B-2 issue tomorrow. I said that I respectfully did not want to interfere with the plans of the manager of the bill, but I would like to have the matter printed for the RECORD.

I anticipate, Mr. President, that there may be other cosponsors. When an analogous amendment was offered last week as to the death penalty for terrorism, I had a series of cosponsors—Senators LIEBERMAN, DOLE, WILSON, GRASSLEY, DECONCINI, and BOND. I would anticipate there would be other cosponsors of this amendment. For the next few minutes, I would like to talk about it briefly to outline my basic reasons for advancing this amendment at this time.

I think it is especially pertinent for a Department of Defense authorization bill, where we are seeking to spend something in the range of $300 billion, that the funds involving military secrets be safeguarded. Many may be surprised, as some of my colleagues have been, in discussing this proposed amendment, that there is no death penalty on the books today for espionage. That is true, Mr. President, because a decision by the Supreme Court of the United States in Furman versus Georgia handed down in 1972 has, in effect, invalidated all pending Federal death penalty acts which do not comply with Furman.

The current act on the books found in title 18, United States Code annotated at section 794 provides for the death penalty for espionage, but there is no provision for consideration by a jury of the aggravating and mitigating circumstances. So there is no doubt that the current death penalty is unconstitutional; that it cannot be applied in criminal prosecution in the courts of the United States. In fact, at the present time, Mr. President, the only valid death penalty bill which is on the books is the provision contained in the drug bill as to murder evolving from drug kingpins which was passed last year which has the requisite articulation of the aggravating and mitigating circumstances which are necessary to pass constitutional muster.

There was an aircraft piracy bill passed in 1974 which most probably does not pass constitutional muster. There was a provision in the Code of Military Justice in 1985 which probably is constitutional, and that does comprehend the crime of espionage for those in the military service.

But that would not be sufficient to hold the possibility of the death penalty for those committing espionage other than those in the military service.

Mr. President, I think it ought to be noted with particularly that this Senator had put the Senate and others on notice of my intention to proceed with a broader range of death penalty stat-

utes beyond the death penalty for terrorism when I had offered that terrorism amendment last week. As it may be recalled, an arrangement was worked out in collaboration with the distinguished majority leader and Senator THURMOND and others that that amendment was not pressed on the Department of State authorization bill but instead the majority leader made a commitment to bring that bill up as a freestanding bill under a 4-hour time limit sometime between Labor Day and October 31.

But at the time I offered that bill I had noted that there were quite a number of Federal statutes, important Federal statutes, for which the death penalty was invalid, and one of those that I had mentioned was espionage. So I want it plain that this is not a result of the recent notoriety of the allegations or the potential allegations involving Mr. Felix Bloch, but it had been my intention for some time to move into the area of espionage and as well into many of the other, in fact all of the other, areas where the Federal death penalty had been on the books but had in effect been invalidated by the decision of Furman versus Georgia and other Supreme Court decisions.

Mr. President, as I say, it is the view of this Senator that this is a very important amendment generally but especially important as this body consists the Department of Defense authorization bill. If the expenditures we are to make are to be kept secret so that the defense of this country may be maintained, there is hardly any purpose in having expenditures on matters like the Stealth bomber, and it may be of interest to those in the Chamber or those who may be listening that charges of selling the Stealth technology were in fact the subject of a Federal prosecution against Mr. Thomas P. Cavannagh, an engineer at Northrup Aviation Corp., who was arrested back on December 18, 1984, on charges of trying to sell Stealth technology to shield bombers from radar to undercover FBI agents posing as Soviet officials. Mr. Cavannagh received $25,000 from the agents and as a result of the further proceedings Cavannagh entered pleas of guilty to two to four counts of espionage and was sentenced to life in prison.

There have been a variety of espionage cases brought involving very significant military decisions, and it is important to note, Mr. President, that there has been a sharp increase in espionage cases where money is involved in the course of the past 12 years coinciding. I think not coincidentally, with the Furman decision which removed the possibility of the death penalty for espionage. It had been in the 1930's and 1940's and perhaps beyond that the motivation for espionage was ideological, but it is plain that the motivation for espionage more recently has been accounted for by monetary consideration. A CRS report for Congress notes the following:

> During the thirties and forties those who spied reportedly did so for ideological reasons. In more recent years, financial gain appears to be the principal motivation.

It is interesting to note, Mr. President, that according to the FBI statistics there were 6 arrests in the decade from 1966 to 1975, 47 arrests in the following decade—almost eight times as many, and 26 of those arrests occurred in 1984 and 1985. And then in 1986 there were five arrests, in 1987, three arrests, and in 1988, four arrests.

Analysis of these cases, Mr. President, shows regrettably the impact of money on these matters. For example, a Mr. Jerry A. Whitworth, a retired Navy senior chief radioman, was arrested on June 5, 1985, and charged with conspiring with John Walker to pass sensitive information to the Soviet Union since 1965, a companion case to the famous case involving John Anthony Walker, Jr., Arthur James Walker, and Michael Walker.

Continuing with the Whitworth case, Whitworth was alleged to have received $332,000 for secret information. Ultimately, Whitworth was sentenced to 365 years in prison and fined $410,000.

Along the lines of other high dollar amounts, a Mr. Richard W. Miller, an agent of the Federal Bureau of Investigation for 20 years, was arrested along with two Soviet employees. Miller was charged with espionage on October 2, 1984. He had reportedly acknowledged that he had given one of the Russians a 25-page classified document for which Miller allegedly received $65,000 and was later sentenced to two terms of life imprisonment.

Mr. President, in the case of James D. Harper, Jr., a freelance computer engineer, who was arrested on October 15, 1983, having been accused of selling missile data, he reportedly was paid over $250,000 for documents allegedly passed through Polish agents to the Soviet KGB.

In another celebrated case involving one Mr. Joseph G Hellmich, a former Army warrant officer, he was arrested on July 15, 1981, on charges of selling top secret information about a sophisticated teletype coding machine to Soviet officials while he was stationed in Paris allegedly receiving some $131,000 for those items. He was ultimately sentenced to life imprisonment.

Mr. President, the incidents involving espionage have involved highly sensitive information cases. For example, in the case of Ivan Rogalsky, a Soviet alien living in Jackson Township, NJ, was arrested on January 7, 1977, the allegation was that he was involved in a classified document concerning satellite communications allegedly received from an RCA space center in Princeton, NJ: a matter involving Valdik Alexandrovich Enger and Rudolf Petrovich Chernyayev, allegedly involved classified documents pertaining to the Navy's underwater warfare projects; a matter involving William H. Bell, who was arrested on June 24, 1981, allegedly involved advanced radar designs for which Bell reportedly received approximately $110,000. Another matter involving Stephen A. Boba, who was arrested on December 4, 1981, on an allegation of sending classified electronic warfare documents to the South African Embassy in Washington, DC. Beyond that, Mr. President, one Penyu B. Kostadinov was arrested on September 23, 1983, and charged with paying an American graduate student some $300 for classified U.S. nuclear energy documents.

Richard C. Smith, a former Army intelligence officer, was accused on April 14, 1984 of selling the identities of six United States double agents to the Soviet Union for some $11,000.

This matter eventually resulted in an acquittal on April 11, 1986, but the importance of the matter involving the sale of the identities of some six U.S. double agents is obviously a matter of great importance.

Mr. President, I do not intend to occupy the floor much longer because I see my colleagues are here prepared to proceed with other matters. But I want to alert my colleagues, who may be hearing or viewing the floor action at this moment, to the filing of this amendment and what this Senator considers to be the very great importance of this issue because of the very important military secrets involved in the few cases specifically identified and many, other cases could be involved. And other cases will be involved. The fact that substantial sums of money are involved and the proliferation of these cases for money is absolutely revolting.

A case involving espionage is a quintessential case of malice aforethought and premeditation, malice aforethought and premeditation being the hallmarks of murder in the first degree, where there is motivation by money there is strong reason to believe that the death penalty would be a deterrent. For those people who were figuring where they can make some money if they face the death penalty, there may well be quite a different consideration to what risks they may be willing to undertake.

That is a very brief summary of the general import of this amendment and, as I say, I intend to offer it at a later time. I will not interfere with the managers who wish to proceed today to lay down the amendment on the B-2 bomber.

I thank the Chair and yield the floor.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I commend the distinguished Senator from Pennsylvania and join him in this effort. There have been parallel efforts by other Members of this body in years past but I think the strong case set forth by the Senator from Pennsylvania may well provide the momentum this time to carry this thing through the Congress such that it will become law.

I thank the Senator.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I would like to ask a question or two of the distinguished Senator from Pennsylvania. I would first like to say I think the Senator from Pennsylvania and this Senator from Nebraska have been shoulder-to-shoulder on every death penalty measure that has come up before the body. It was my understanding that the Judiciary Committee has now scheduled or is about to have a hearing on the whole death penalty matter. I know my friend from Pennsylvania is a member of the Judiciary Committee. Could he enlighten me on that?

Mr. SPECTER. Yes; I would be delighted to enlighten the distinguished Senator from Nebraska on that subject. As a part of the arrangement which was worked out last Thursday night late, when I went through the amendment for the death penalty on terrorism, an arrangement was worked out with Senator THURMOND to have a broader death penalty bill submitted for consideration by the Judiciary Committee. That bill doubtless will include espionage. There will be a vote on that matter.

There is no commitment however as to when that issue will come before this body, and when the majority leader was asked for a commitment to have the matter considered by the full Senate in this year, the distinguished majority leader declined to do so because of the crowded calendar.

Those issues will involve much, much broader and much more complicated issues than are comprehended, candidly, with the terrorist death penalty or with the espionage death penalty. The thrust of the Supreme Court decisions has been to raise concern at discriminatory application of the death penalty. I think that issue will draw lengthy debate, and may not be decided for a long time by the Congress. However, the issue of the terrorism death penalty and an espionage death penalty I believe is something that could be agreed to by the Congress in relatively short order.

I believe that the problem of espionage is so serious in this country today and involves such fundamental values of national security that it is one that ought not wait. I hope we can put it on this bill and move it through.

Those who oppose the death penalty on other grounds, discriminatory grounds, or where there is a very different case as the courts have said it is discriminatorily applied to minorities, for example, and would not apply to espionage, and others who have concerns about death penalty on the grounds of conscience or scruples, might be willing to let us proceed with this issue.

Mr. EXON. I thank my friend from Pennsylvania. I simply say that I hope before he offers the amendment—I believe I tend to support his amendment because I think it is a good one—I have some concerns that I would like to address to the Senator from Pennsylvania.

As he knows, we have an awful lot of amendments to an awful lot of issues to the defense authorization bill generally attaching like a lightning rod. I have been advised by Members of the Senate who do not have the same basic philosophy with regard to the death penalty as does this Senator from Nebraska and my colleague from Pennsylvania, that it is very likely to slow down considerably the discussion and disposal of the defense authorization bill.

So I would simply encourage my friend from Pennsylvania to discuss this proposal further. I intend to support the chairman of the Judiciary Committee, and the ranking member thereof. I simply cite that I suspect there will be a reference made to a unanimous-consent agreement that was entered into on July 20, 1989. I cite the CONGRESSIONAL RECORD of that date, page S8456, wherein the chairman of the Judiciary Committee entered into a unanimous-consent agreement that in addition

> It is agreed there will be no other action on death penalty amendments of any kind other than Senator Specter's death penalty bill prior to the time the Judiciary Committee reports the Thurmond bill back to the floor; and, further, that there will be no further death penalty amendments in the Judiciary Committee for the remainder of the year.

We can argue whether or not that included the offering of this type of an amendment by the Senator from Pennsylvania. But I think he should be advised that unfortunately I have been advised that there are Members of the body, not this Senator, who believe the agreement that was entered into covered the exclusion under unanimous-consent agreement of what the Senator is offering now.

Whether that is right or wrong, I am not making that judgment. I am simply alerting the Senator from Pennsylvania that that could be a problem. While I support, as he knows, the death penalty and certainly would support him on espionage and terrorism legislation, I am wondering whether or not that could possibly wait until the Judiciary Committee makes its determination.

Mr. SPECTER. If the Senator will yield for a response, the unanimous-consent agreement that the chairman of the Judiciary Committee sought was to avoid having other death penalty measures brought up before the Judiciary Committee.

I shall study this matter to see if its language might be broader, but I can tell you categorically that the intention was to have matters not brought before the Judiciary Committee as opposed to the floor of the Senate.

Mr. EXON. As opposed to an agreement that nothing would be done in the Judiciary Committee or on the floor of the Senate on another measure?

Mr. SPECTER. Yes. That is correct. There is no limitation as to what happens on the floor. There is a limitation as to what happens in the Judiciary Committee. I am aware of the importance of this authorization bill and therefore consulted before even sending this amendment to the desk for printing purposes with the managers of the bill. But this Senator intends to press the matter on this bill.

I think people ought to be on notice because I think it is futile to spend $300 billion which involves secrets if there is a sieve, the secrets can be disclosed through espionage, and we lack the real deterrent which is the death penalty to protect the military security of this country.

Mr. EXON. If the Senator presses his amendment, would he not be persuaded that in the interest of time, efficiency, and getting something through the Judiciary Committee that it might not be better to put this aside as far as the defense authorization is concerned? That is the line of reasoning the Senator from Pennsylvania is not ready to accept at this time, as I understand it.

Mr. SPECTER. The Senator reads me correctly.

Mr. EXON. I thank my friend from Pennsylvania. I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Parliamentary inquiry, Mr. President. I address the parliamentary inquiry to the Chair.

Is it the Chair's understanding that a death penalty amendment would be in order on this particular piece of legislation, given the unanimous-consent agreement that was placed before the body by the chairman of the Judiciary Committee on July 20?

The PRESIDING OFFICER. The President will take a moment to confer with the Parliamentarian before giving an answer to the Senator. The Senator will suspend for one moment.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. I am developing an answer to the Senator from Massachusetts.

Mr. SPECTER. I was going to make a comment on that subject.

The PRESIDING OFFICER. The Chair would be happy to entertain the comment of the Senator from Pennsylvania.

Mr. SPECTER. What I was going to suggest, Mr. President, was that this Senator would confer with Senator BIDEN and the others who were party to that unanimous-consent agreement prior to the time the issue is put before the Chair, and before the Chair rules, that there be that kind of discussion among the parties, of the unanimous-consent agreement, before the Chair simply reads that language and makes a ruling.

Mr. EXON. addressed the Chair.

The PRESIDING OFFICER. If the Senator will withhold for 1 minute, then I would be glad to also hear from the Senator from Nebraska.

Mr. KENNEDY. I hope the Chair will hear the Senator from Massachusetts, as well.

The PRESIDING OFFICER. The Chair will be glad to hear from the Senator from Massachusetts as well.

The Senator from Nebraska has asked for a chance to be heard.

Mr. EXON. Mr. President, I would just say that I think the Chair is going to make a rather important ruling here, and the only interest that this Senator has on this matter is to try to move the bill ahead as expeditiously as possible to provide for the national defense of the United States of America.

In listening to the Senator from Pennsylvania and reading the way I would interpret the unanimous-consent agreement, then that is a matter for the Chair to rule on, and I am willing to accept whatever the Chair's ruling is.

I simply say that I suspect that the Chair would be required to rule on what the Chair's interpretation of the unanimous-consent agreement was, and put it in the RECORD. And any understandings that any other Members of the body had with regard to this would not be properly considered, it seems to me, in ruling on the request that has been made of the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, one additional item regarding the specific language of the July 20, 1989 agreement is set further on page 8,537, on which the chairman of the Judiciary Committee, modification of the unanimous-consent agreement of S. 32 and uses these words:

To clarify the prior order, earlier there was consent that there would be no further action on death penalty amendments of any kind before the Judiciary Committee reports S. 32.

It seems to me, Mr. President, that that language, taken with the earlier July 20 language, as well as the general understanding of the Membership, was that floor consideration of this matter was going to be deferred until after the action that was taken by the Judiciary Committee, and I would like to get a ruling of the Chair.

This matter has been brought by the Senator from Pennsylvania. We did not initiate it. If there is going to be a question about it, it seems to me that it would have been entirely proper for the Senator from Pennsylvania to inquire of the chairman of the committee and otherwise.

Since he raised it and has talked about it, I think we ought to get a ruling. I ask the Chair for a ruling.

Mr. SPECTER. Mr. President, if I may be heard.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I do not know that the later reference on 8537 has any applicability. But where the Senator from Massachusetts says that the Senator from Pennsylvania should have considered the matter earlier, this Senator had considered the matter, and knows that it was not the intent of the parties to the unanimous-consent agreement to foreclose the matters, other than in committee.

I did not raise the unanimous-consent agreement here. That is a matter which was raised by somebody else. I do think it is appropriate to have the chairman of the Judiciary Committee consulted on the matter, perhaps to have his comment, before there is a ruling. I will point out to the Chair the context where Senator BIDEN is commenting about star printing S. 32. He says:

That is a roundabout way of saying that Senator Thurmond and I and the leadership have agreed that Senator Thurmond's expansive death penalty bill will have a hearing in the Judiciary Committee in September; that further, there will be a vote on the Thurmond bill up or down in the committee; and that we will report out of committee by October 17 and have a committee report by October 20 on the Thurmond death penalty bill which will be S. 32 star print.

The PRESIDING OFFICER. Is there objection to the proposed unanimous consent request?

Mr. BIDEN. Excuse me, Mr. President. In addition, it is agreed there will be no other action on death penalty amendments of any kind other than Senator Specter's death penalty bill prior to the time the Judiciary Committee reports the Thurmond bill back to the floor; and further, that there will be no further death penalty amendments in the judiciary Committee for the remainder of the year.

When Senator BIDEN makes the additional comments, as they appear at S8537, he says:

Second, I want to state the agreement of the Judiciary Committee regarding consideration of S. 32 (star print).

The committee will hold hearings on the bill; the committee will consider the bill and amendments thereto relating to the death penalty and procedures for implementation of the death penalty and vote to report the bill as it may be amended by October 17, 1989; the committee will file its report on the bill as it may be amended by October 20, 1989; and the committee will not consider any other death penalty bill or amendment this calendar year.

To clarify the prior order, earlier there was consent that there would be no further action on death penalty amendments of any kind before the Judiciary Committee reports S. 32.

This makes it clear that the prohibition was against any consideration of such an amendment, not any action.

Mr. President, I would suggest to the Chair that it is plain that the thrust of what Senator BIDEN is talking about, as he elaborates on it, is what is going to happen in the committee. Senator BIDEN, as chairman of the Judiciary Committee, was concerned that the work of the Judiciary Committee not be bogged down by having repeated consideration of the death penalty brought before that committee. There has been a practice, as the Senator from Massachusetts knows, for many people to attach death penalty amendments to many bills which seek to prevent action by the Judiciary Committee.

But it was not Senator BIDEN's intention to control what would happen on the floor. That is not the principal concern of the chairman of the Judiciary Committee.

I believe that this language does not preclude this amendment. If you want to read this language in a hypertechnical way, as the Senator from Massachusetts is suggesting. At page 15591 there is an allowance for Senator SPECTER's death penalty bill which might comprehend this as well.

But I do think, as a matter of fairness, that Senator BIDEN ought to be consulted and ought to have a chance to be a party to this interpretation of what is essentially his wording.

Mr. EXON and Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska and then we will come back to the Senator from Massachusetts.

UNANIMOUS-CONSENT AGREEMENT—VOTE ON AMENDMENT NO. 392

Mr. EXON. Mr. President, I ask unanimous consent that the vote on the Nunn-Warner amendment, No. 392, occur at 5:45 p.m. and that no amendments be in order to the Nunn-Warner amendment.

I further ask unanimous consent that the rollcall vote be a 30-minute rollcall vote.

Mr. President, this matter has been cleared on both sides of the aisle.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I just drew the attention of the Chair to the second paragraph of the unanimous-consent agreement of July 20, 1989, at 15591. It reads:

> This is a roundabout way of saying that Senator Thurmond and I and the leadership * * *.

I daresay if we were going to have a consent agreement that was just going to relate to the Judiciary Committee, that could be done with just the support of Senator THURMOND.

Beyond that, and what I think is the most powerful and convincing argument, Mr. President, is to direct the attention of the Chair to the final four lines of Mr. BIDEN's midway on that page:

> Excuse me, Mr. President. In addition, it is agreed there will be no other action on death penalty amendments of any kind other than Senator Specter's death penalty bill prior to the time the Judiciary Committee reports the Thurmond bill back to the floor.

It continues:

> And, further, that there will be no further death penalty amendments in the Judiciary Committee for the remainder of the year.

That would be redundant, Mr. President, unless it complies with the position of the Senator from Massachusetts. Why would we have the chairman saying we will not have any amendments in the Judiciary Committee and say further that there will be no further death penalty amendments in the Judiciary Committee for the remainder of the year? Why do you have him saying the same thing twice?

Plain common sense, as well as the specific language, as well as, I believe, the debate and discussion on the previous bill reaches only one conclusion, Mr. President. I think that we are entitled to have a ruling.

I appreciate the chairman of the Judiciary Committee's intention, but we have to abide by what the institution accepts here, not what is the intention of a particular Member. We have to go on the basis of the words.

I am certainly interested in what the Senator from Delaware believes. I think I understand what he was intending. I think we are all talking about common language and a common agreement. This is a very important matter in terms of this bill and also on the issue. I would press and ask for a ruling of the Chair. I would indicate that if it is going to be adverse to my position that I would ask that any appeal of the ruling be left to the chairman of the Judiciary Committee if he so desires to make that point.

The PRESIDING OFFICER. Does the Senator from Pennsylvania wish to respond?

Mr. SPECTER. Just another word or two, Mr. President.

I think that the Senator from Massachusetts, in effect, concedes the argument if he is allowing Senator BIDEN, the chairman of the Judiciary Committee, to come in and have a voice in any appeal from the ruling of the Chair. I think that is tantamount—well, that is a flat concession that Senator BIDEN does have something to say about what this ruling ought to be.

Mr. President, if the Chair rules preemptorily in this matter without having an opportunity for Senator BIDEN to be consulted and to be heard on this matter, let me say flatly that unanimous-consent agreements in the future are going to be scrutinized in writing for every semicolon and for every comma, as opposed to a good-faith understanding of what the Senators have agreed to.

Senator KENNEDY was not a party to this unanimous-consent agreement. This matter was worked out laboriously in the Republican Cloakroom, involving Senator BIDEN, Senator THURMOND, myself, and Senator DOLE participated.

Where the Senator from Massachusetts makes an argument based upon redundancy, it is amazing to me to argue that redundancy means anything on this floor where arguments are filled with nothing but redundancy. If there is one thing that is characteristic of the floor of the U.S. Senate, it is that things are said two, three, four, five times, when you might say it on one occasion.

But I would further remind the Presiding Officer that there is no matter pending which really requires a ruling. This Senator is not pressing this amendment at this time.

But let those be on notice that if a good-faith undertaking on a unanimous-consent agreement is to be disregarded in this matter, that this Senator, who has some familiarity with examining semicolons, will do so with minute care every time he is involved in a unanimous-consent agreement.

Mr. KENNEDY. Mr. President, I ask a parliamentary inquiry as to whether the death penalty amendments are in order on the defense authorization bill.

The PRESIDING OFFICER. The Presiding Officer would determine, with great respect for the inquiry being propounded by the Senator from Massachusetts for a ruling from the Chair, that at this time the decision and the matter are not ripe for decision by the Chair; that the issue has not been joined; that the Senator from Pennsylvania has not offered to the body for its consideration the amendment; and that it would be especially unwise for the Chair to rule before the parties who participated in the unanimous-consent agreement have the chance to work out what is clearly a differing interpretation as to what that agreement meant.

And so, with that said, the Presiding Officer would defer a decision until the matter is ripe.

Mr. KENNEDY. Mr. President, I appreciate the careful judgment of the Parliamentarian on this issue and respect that decision. Hopefully, I will receive the assurances from the chairman of our committee to have access to the floor at the time when such a request is made in a timely fashion.

If there is nothing further, I would like to be able to proceed, Mr. President, to comment on the defense authorization bill, unless the Senator from Pennsylvania has something.

Mr. KENNEDY. Mr. President, as chairman of the Projection Forces and Regional Defense Subcommittee of the Armed Services Committee, I rise in support of the Defense authorization bill for fiscal years 1990 and 1991.

This subcommittee oversees over $23 billion of defense programs related to the military missions of sea control, maritime force projections, special operations, airlift and sealift. This year, the subcommittee held five hearings and sponsored two trips to the field to review the programs in these areas. Mr. President, I will highlight the major conclusions and results of that review.

A major concern of the subcommittee was the significant gap in our surge sealift capabilities. Over the past 2 years, we have received repeated testimony from our commanders in the field that the biggest gap in our ability to reinforce NATO Europe results from the absence of sufficient fast sealift.

The gap in fast sealift could become even more pressing as a result of conventional arms reductions in Europe. If mutual reductions take place in Europe, American forces will be withdrawn across the Atlantic while Soviet forces will remain at the other end of the European rail network. In such an environment, a robust fast sealift program would be a crucial element of continued conventional deterrence in Europe.

The bill therefore recommends initiation of a new line of fast sealift ships. The first ships are authorized in fiscal year 1990 and long lead funds for that ship are authorized in fiscal year 1991. We plan to continue this program through the 1990's to add approximately eight new fast sealift ships to the fleet, doubling our current force and substantially reducing the gap in our surge lift capability. We anticipate that funding for the program can be found in savings from other strategic

lift programs and shipbuilding programs.

A companion research and development program has been recommended as well to develop multimission capabilities for the sealift ship and to push technology to achieve higher speeds in heavy displacement ships.

A second major concern of the subcommittee was the V-22 tilt rotor aircraft program. The Secretary of Defense chose to terminate the V-22 as a cost saving measure. Two billion dollars have already been spent in bringing this program to where we are now—at the threshold of flight testing.

The Marine Corps wants this airplane to enhance their amphibious assault capability. The Secretary of Defense declared this mission is not of a sufficiently high priority to justify the cost of the V-22. It is clear that if the V-22 Program is to survive, the priority of the mission must be raised and the potential costs of the program have to be lowered.

The bill recommends restoration of research and development funds to complete the flight testing of V-22. During this period, we call for validation of the commercial potential for the aircraft, as well as demonstration of commercial intent. The Chairman of the Joint Chiefs of Staff is required to coordinate a review of the priority of the amphibious mission and capabilities of the Armed Forces and to provide his assessment to the Congress.

A third area of concern is the Navy's force of aircraft carrier battle groups. Last year, Senator NUNN, Senator LEVIN, and I offered an amendment to the fiscal year 1989 Defense authorization bill which proposed holding the growth of our aircraft carrier force to 14 ships by retiring two older carriers earlier than planned. In that amendment we detailed the savings that would result. This year the Secretary of Defense adopted our proposal completely and his directed the retirement of two older carriers in exactly the way we foresaw as offering substantial savings.

Our aircraft carrier hearing this year focused on the refueling and modernization of the U.S.S. *Enterprise*, which is planned to last a minimum of 45 months and to cost $2.0 billion. While the committee recommends that this program proceed as planned, the bill directs that program funding be identified in the shipbuilding account, where management and contracting efficiencies may be exercised by virtue of the requirement of full funding in this account.

Whenever another carrier might be authorized, it would not be delivered until after the year 2000, and it could be operating at the midpoint of the next century. This bill will require the Navy, with the help of the National Academy of Sciences and the Office of Technology Assessment, to take a close look at aircraft carrier and aircraft technology, so we will have a clearer view of how to shape the future, in order to maintain the Nation's superiority in sea-based aviation.

Finally, Mr. President, the subcommittee reviewed the Navy's planning for the surface combatants of the next century. It was clear from our hearing that the critical path for implementing this technology plan is the integrated electric drive system. The bill recommends increased emphasis on electric drive and directs that the program be focused on getting the system to sea in a DDG-51-class ship in flight three of that program.

Mr. President, I urge Senate support of the Defense authorization bill for fiscal years 1990 and 1991.

Mr. GORTON. Mr. President, I should like to take this opportunity, first to commend the leadership of the Committee on Armed Services for the thoughtful and intelligent way in which it has put this bill together and organized the committee.

Just as soon as the divisive debate over the nomination of Senator Tower to be Secretary of Defense was completed, the committee went to work on an authorization bill in what I felt to be a thoughtful spirit; not only a bipartisan spirit but one of considering, with great care, the many and different challenges facing the United States.

This was due largely to the firm and fine leadership of the chairman of the committee, the ranking minority member of the committee, as well as of the various chairs and ranking minority members of the subcommittees. This year was my first opportunity to serve on the Committee on Armed Services, and I may say it has been not only an important but a gratifying experience.

By and large, Mr. President, I agree with the priorities and value judgments which are both explicit and implicit in this bill. It is, I must say, my view that this will be the last year in which we will have an authorization bill based, fundamentally, on the value judgments with respect to national defense which have caused a fairly broad bipartisan consensus through the decade of the 1980's.

While the administration has done a dramatic, almost unprecedented job in setting priorities in a fashion which involves the total abandonment of a number of programs which were considered high priorities in previous years, I think it is still safe, nonetheless, to say that the basic structure and philosophy of national defense reflected in this bill is one of a continuation of the philosophy and structure of the bills of previous years, rather than representing a dramatic change.

By next year I suspect, Mr. President, either consciously through the leadership of the administration and this committee, or simply as a result of profound changes in public opinion, we are likely to start down a rather new and different road. I hope that new and different road will be blazed by the administration's thoughtful reexamination of defense policies and, by this time next year, its successful completion or the prospects for successful completion both of negotiations with respect to START and conventional force reductions.

In any event, we will be faced with a very, very different world next year, and I have little doubt that we will be faced with profoundly changed priorities at the same time.

We will debate those changed priorities during the course of the next 2 or 3 weeks. There will be a serious and thorough debate of the role of manned strategic bombers in our nuclear defense triad, and most specifically the B-2.

I may say, Mr. President, that I joined this committee and returned to the Senate without strong views one way or the other with respect to the B-2.

The information I have gained and the knowledge I have received during the course of the last several months has led me to believe that the B-2 program advanced by the administration and by this committee is sound. There will be a need with respect to our strategic nuclear defense and the ability of the United States to project power at a time when the number and spread of our foreign bases are likely to decline, which only the B-2 will be able to fill.

Like other Members, I am concerned about the cost of this weapon. Most research and development costs of the B-2, however, have already been expended, and at this point it would seem to me unwise either to cancel or drastically alter the program for the B-2 which is outlined in this bill.

Similar remarks, Mr. President, seem to me appropriate with respect to the strategic defense initiative. I think at least in the absence of negotiations with the Soviet Union with respect to strategic defense, that we should proceed forward with the kind of research and development that are called for in this bill for at least the next year, until such time as we have a better grasp of both the desirability of a strategic defense and its relationship, not only to defense needs, but to negotiations for reductions in nuclear forces.

If I have a disagreement with the major provisions of this bill as they relate to our strategic programs, Mr. President, it would be with respect to the decision to proceed forward with two mobile missiles. I do not believe in

the long run that that will be the answer that we will come to.

It seems to me this year, as has been the case in the past, the decision to go forward with two such missiles reflects more a profound and, I think, sincere disagreement between the proponents of a rail mobile MX and a small ICBM. I certainly hope that within a year we would have reached some conclusion in that respect, a conclusion which might well be that we will press with the Soviet Union for a treaty which will call for the abandonment of mobile missiles on both sides, an agreement which would be enforceable and verifiable.

Nevertheless, I believe that the general thrust of this bill is sound, and I have every hope that the Senate of the United States will accept it. It will give us 1 more year, Mr. President, for a new President faced with an entirely new strategic situation in the world to determine what our priorities for national defense should be in the 1990's and, for that matter, into the 21st century.

These are challenges which arise out of success, Mr. President, not out of failure. The defense program of the 1980's has been a profound success with respect to the most important single goal of any national defense system which is, of course, not to win a war but to prevent a war from ever taking place in the first place. The prospects for peace have perhaps never been stronger since the end of World War II or the beginning of the cold war. The changes in the Soviet Union are, in my belief, changes which are real, changes which have been caused in part by internal challenges within the Soviet Union and the failure of its own economic and social system. But these are changes which have also been caused in part by the commitment of the United States of America to a strong and robust defense and the strong and affirmative leadership of the Western alliance—for that matter, our alliances in other parts of the world as well.

We should look on the changes that we face today, Mr. President, as a result of our successful defense policies of the past, just as other changes in the Soviet Union and in Eastern Europe, as they move toward freer economies and in the direction of democracy, are a tribute to the strength of the societies and economic systems of the United States and the Western alliance.

So, Mr. President, we are in a year of transition. What changes are required with respect to strategic defenses? How much more attention should we be paying to the kind of challenges posed by rogue or outlaw nations, such as Libya or Syria? What greater attention should we be spending on the prospects of terrorism? What greater attention should we pay to the fact that some of the smaller nations may be developing or may have developed some nuclear or chemical capability? And what of the growing proliferation of ballistic missiles throughout the world? How do these changes, as well as changes in the Soviet Union, impact on defense policies of this country?

We do not know the answer to all those questions at this point, Mr. President. We will know them better a year from today and, in the meantime, the kind of policies which are outlined in this bill are the wisest and the soundest course of action for this country to take. We have been successful this way in the past. I believe that we should continue along the line that is proposed in this bill, but I believe that we should recognize that within a year we are likely to be able, to be required to set quite different priorities from those which are set out here today.

The PRESIDING OFFICER (Mr. ROBB). The Chair recognizes the Senator from Nebraska [Mr. EXON].

Mr. EXON. Mr. President, we are scheduled in 7 minutes to begin a rollcall vote previously agreed to; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. EXON. If there are any other Senators wishing the floor, they have 7 minutes before the rollcall vote starts. I see the Senator from California is here. He may be seeking recognition.

The PRESIDING OFFICER. The Chair recognizes the Senator from California [Mr. WILSON].

Mr. WILSON. Mr. President, I rise to speak in support of the pending amendment. This amendment reflects, I think, some very good work by the Subcommittee on Conventional Forces. I commend in particular my colleague, the chairman of the subcommittee, with whom it has been a great pleasure to work this year. He has been both diligent and gracious. I think in this particular initiative he deserves our support.

What we are talking about with this amendment is a redress of the imbalance that has been created in a larger statement. I think it is clear that almost every Member would agree that the administration, deficit driven, has engaged in a request that, in some instances, substantially underfunds their desires, and even what wisdom would prescribe as necessary in certain accounts. That has been particularly true with respect, Mr. President, to the sustainability of our ammunitions supply and, in particular, we have, I think, been driven to a position in the actual request of the administration that works out to be penny wise in the short time and really pound foolish. For that reason I think the administration will probably support the restoration of a cut which they really did not want in the first place.

The budget request from the department reflected deep reductions in the near term for many of our so-called smart missiles, which are already in short supply. Furthermore, these reductions in procurement result in sharply increased unit costs for these missile systems because of the increasingly inefficient production that results from the stretchout. The reductions proposed by the administration generally resulted in a 1-year cut in production rates.

As I say, these stretchouts create inefficiencies in production with the expectation that production will rise in the outyears. The unit costs as a result increases on an average of 19 percent. Further, these lower rates of production are so severe that they threaten the competition which has helped to lower our costs for these missiles in earlier years. Production rates proposed by the department in far too many instances fell below the minimum rates required to induce competition and far short of the maximum efficient production rate.

The committee recommended funding on an increase in the procurement of Hellfire missiles, rockets for the multiple launch rocket system, MLRS, the Stinger shoulder-launched system, the TOW II antitank missile, the HARM missile, the high-speed antiradiation missile, called HARM, and the Maverick.

Mr. President, all of these increases are warranted. The increased procurement for these missile systems will help stabilize these programs. The increases, which are really restorations, will preclude unnecessary increases in unit costs so that we are not getting fewer missiles for the money. They will alleviate some of the severe shortages that exist in certain very critical inventories of these weapons.

So without elaborating at great length, let me simply say this is the part of wisdom; it is an effort to prevent the department from engaging in what are cuts but not efficiencies; cuts that will result in a position of our being, in fact, not just penny wise and pound foolish, but as a result in critical short supply of certain weapons that are necessary to our inventory.

What we are talking about is that unwieldy work "sustainability," but it is a concept that has great relevance to the ability of conventional forces to be credible. If you cannot sustain your supply of ammunition, you cannot sustain combat. The war is over when you run out of ammunition. It is that simple. And again in an effort to try to save money, or at least to reduce spending in the near term in order to respond to deficit pressures, what we have seen here is an administration request that is not a sensible one in

terms of what it produces in inefficiency of production and higher unit costs. This amendment will remedy that. I urge my colleagues to support it. I thank the Chair.

Mr. PRYOR. Mr. President, I want to add my support for the committee amendment which increases funds for a number of proven successful conventional munitions programs, including the TOW, MLRS, and Stinger missiles.

I would also commend the committee for cutting funds for several programs that have yet to demonstrate their effectiveness and worthiness for total funding. While I am disappointed that the committee did not do more in this area, these efforts are a step in the right direction.

One of the programs that will receive more funding under the committee's proposal is the Army's highly successful multiple-launch rocket system, or MLRS. It is one of the rare success stories of the Pentagon's procurement system.

A good weapon should be reliable, effective, easy for the troops to operate and maintain, and cheap enough to procure in adequate quantities. The MLRS meets all of these characteristics. It is deployed to U.S. troops all over the world and has been sold to many of our allies. Its formal test program has demonstrated its effectiveness and its informal test program, which is how the troops in the field respond to the weapon, has also given the missile system glowing reviews. The MLRS is also one of the few weapons that has been developed and delivered on time and on schedule.

The Pentagon this year proposed scaling back production of the MLRS from 48,000 missiles per year to 24,000 in order to increase funding for many questionable but politically popular programs. The committee's plan to boost MLRS production back to 48,000 not only recognizes the importance of emphasizing successful technologies but also the economic sense of running the MLRS production line at its most efficient rate.

Mr. President, I urge approval of the amendment offered by Senators NUNN and WARNER.

Mr. BOREN. Mr. President, I am pleased to support the members of the Armed Services Committee who are offering this amendment to provide an increased rate of production of convention tactical missiles. For instance, this amendment increases the rocket procurement quantities for the MLRS from the requested 24,000 per year to at least 48,000 for fiscal year 1990 and fiscal year 1991.

I am particularly acquainted with the multiple launch rocket system because Fort Sill, OK, is the home of the U.S. Army field artillery. Oklahoma also has the first MLRS National Guard Battalion. The enthusiasm by the personnel involved in this program is unanimous. They truly believe in the viability of the "scoot and shoot" tactics of MLRS operations. The fire control system receives a fire mission, determines the launcher location, computes the technical firing data, orients on the targets, and can fire from 1 to 12 rockets—all in less than 50 seconds.

MLRS is the capstone of the Army's field artillery. Its firepower makes it an awesome weapon that can completely saturate enemy positions. The programmed introduction of smart munitions will make MLRS an even more awesome response to the threat.

The development of smart and brilliant munitions however, has taken longer than anticipated. Deployments of the sense and destroy armor [SADARM] munition and the MLRS terminally guided warhead are not expected until the last half of the 1990's. We will, therefore, have to rely on the current MLRS warheads until then. And even after introduction of these smart munitions, current warheads will continue to be effective against a large array of targets.

The delayed introduction of the smart munitions, together with reduced production quantities of the current rocket, has created a dangerous gap where only minimal ammunition is available to our soldiers. We must make sure that our soldiers will have an adequate supply of these rockets in the event of a conflict. I urge my colleagues to join in supporting this amendment which provides a cost-efficient rate of purchase for this excellent conventional weapons system.

Mr. BUMPERS. Mr. President, the Armed Services Committee has made a very wise decision in restoring the funding for the multiple launch rocket system [MLRS] to last year's level. They rightly corrected the major mistake the Pentagon's civilians made in cutting the production rate for MLRS rockets in half, from 48,000 in fiscal year 1989 to 24,000 in fiscal year 1990.

MLRS is the kind of weapon program that everyone likes and supports. It came in on time, under budget, and met its performance requirements. It plays a key role in helping to deter Soviet conventional attack by posing a formidable obstacle to massed troop concentrations. Its firepower is awesome. It raises the nuclear threshold in Europe by enabling us to use conventional weapons against Soviet forces threatening to break through NATO front lines.

Some people argue that Congress should not touch the budget proposals of the Pentagon, that they know best, and that we should just rubberstamp what they send over. Not only does that kind of thinking do violence to the Constitution itself, but it ignores the fact that the people in the Pentagon are human and can make mistakes, too. And they sure made one with MLRS.

Listen to what the committee has to say about MLRS:

> The committee recommends a substantial increase in the number of multiple launch rocket system [MLRS] rockets over the amended budget request. The committee notes that the MLRS Program has been a model acquisition program, characterized by stable configuration, production procedures, and subcontractors. The committee encourages the Army to continue its successful formula for production of the rockets, to include the rocket motor case and warhead skin metal parts. The committee believes the current contractor and subcontractor base should be sustained.

MLRS has been perhaps the best program the Army has. In the words of the Armed Services Committee, "a model acquisition program." Taking a program like this and cutting its production in half is a slap in the face of the idea of good program management. I am glad that the committee listened to the several protests that Senator PRYOR and I made and restored this program to last year's production level.

Mr. DECONCINI. Mr. President, I am pleased to be a cosponsor and supporter of the Armed Services Committee amendment to provide an additional $596.8 million for fiscal year 1990 and $336.8 million for fiscal year 1991 to procure additional guided munitions.

The Cheney amendments to the Department of Defense budget reduced the production rates for many of these munitions to dangerously low levels from the standpoint of inventories. Many of the cuts also would result in inefficient production rates.

The matter of inventory levels was described by Gen. Thomas C. Richards, Deputy Commander in Chief of the U.S. European Command, in his testimony before the Armed Services Committee. He stated that,

> Our greatest weaknesses are in the areas of war reserve stocks of preferred munitions * * * all the services, Army, Navy, Air Force, Marine Corps, all have shortages, severe shortages of preferred munitions.

I commend Chairman NUNN and the members of the committee for bringing this amendment before the Senate so that we can take action on this problem of munitions shortfall within the constraints of the budget agreement.

In addition to other important munitions, the amendment includes $51.1 million for the procurement of 4,300 additional TOW 2A missiles that will be produced in my State of Arizona. It is important to note that these are the latest version of the Army's basic heavy antitank missile. The TOW 2A version is the only antitank missile we have that can penetrate the latest Soviet armor. Our inventory of these

missiles is very low—only about 13 percent of the Army's stated requirement.

Under the amended Cheney budget, the Army would procure only 9,455 TOW missiles—a 21-percent reduction below the production of the current fiscal year. With a capacity to produce 30,000 missiles a year, it just does not make sense to buy less than 10,000 missiles. Furthermore, the Army is planning to establish a second source for the production of the TOW missile, thus adding to production capacity when we already have a substantial unused capacity.

The $51.1 million for additional TOW 2A's will improve the Army's inventory position for a much-needed weapon and will also provide for a more economic production rate that will result in a lower price to the Army.

Again, I thank the chairman and ranking member for bringing this matter to the attention of the Senate. I urge my colleagues to support the amendment.

Mr. NUNN. Mr. President, will the Chair state the order of business that we have agreed to?

The PRESIDING OFFICER. It now being 5:45, under the unanimous-consent order, amendment No. 392 to S. 1352 is now the order of business before the Senate. The yeas and nays have not been requested. A 30-minute vote has been asked.

Mr. NUNN. Mr. President, I ask for the yeas and nays.

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

The nays and yeas were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. BIDEN] and the Senator from Illinois [Mr. SIMON] are necessarily absent.

I also announce that the Senator from Hawaii [Mr. MATSUNAGA] is absent because of illness.

Mr. SIMPSON. I announce that the Senator from Colorado [Mr. ARMSTRONG], the Senator from Utah [Mr. GARN], the Senator from Utah [Mr. HATCH], the Senator from New Hampshire [Mr. HUMPHREY], the Senator from Arizona [Mr. MCCAIN], and the Senator from Arkansas [Mr. MURKOWSKI] are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona [Mr. MCCAIN] would vote "yea."

The result was announced—yeas 91, nays 0, as follows:

[Rollcall Vote No. 140 Leg.]

YEAS—91

Adams	Boschwitz	Burns
Baucus	Bradley	Byrd
Bentsen	Breaux	Chafee
Bingaman	Bryan	Coats
Bond	Bumpers	Cochran
Boren	Burdick	Cohen
Conrad	Hollings	Packwood
Cranston	Inouye	Pell
D'Amato	Jeffords	Pressler
Danforth	Johnston	Pryor
Daschle	Kassebaum	Reid
DeConcini	Kasten	Riegle
Dixon	Kennedy	Robb
Dodd	Kerrey	Rockefeller
Dole	Kerry	Roth
Domenici	Kohl	Rudman
Durenberger	Lautenberg	Sanford
Exon	Leahy	Sarbanes
Ford	Levin	Sasser
Fowler	Lieberman	Shelby
Glenn	Lott	Simpson
Gore	Lugar	Specter
Gorton	Mack	Stevens
Graham	McClure	Symms
Gramm	McConnell	Thurmond
Grassley	Metzenbaum	Wallop
Harkin	Mikulski	Warner
Hatfield	Mitchell	Wilson
Heflin	Moynihan	Wirth
Heinz	Nickles	
Helms	Nunn	

NAYS—0

NOT VOTING—9

Armstrong	Hatch	McCain
Biden	Humphrey	Murkowski
Garn	Matsunaga	Simon

So the amendment (No. 392) was agreed to.

Mr. NUNN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. WARNER. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business before the Senate is S. 1352.

Mr. WARNER. Mr. President, amendments are in order?

The PRESIDING OFFICER. The Senator is correct.

AMENDMENT NO. 396

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

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Virginia [Mr. WARNER], for himself and Mr. NUNN, proposes an amendment numbered 396.

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

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

The amendment is as follows:

Strike out line 3 on page 15 and everything that follows through line 3 on page 19 and insert the following in lieu thereof:

SEC. 133. B-2 BOMBER PROGRAM REQUIREMENTS AND LIMITATIONS.

(a) AMOUNT AUTHORIZED.—(1) Of the amounts appropriated pursuant to section 103(a)(1) for the Air Force for procurement of aircraft for fiscal year 1990, not more than $2,549,374,000 may be obligated for procurement for the B-2 aircraft program.

(2) Funds appropriated for the Air Force for fiscal year 1990 may not be obligated for the B-2 aircraft until the first flight of a B-2 aircraft has occurred.

(b) BLOCK 1 REQUIREMENTS.—(1) Funds appropriated for the Air Force for fiscal year 1990 for procurement of aircraft may not be obligated for the procurement of B-2 aircraft until—

(A) the initial planned Block 1 program of flight testing of the B-2 aircraft, consisting of approximately 75 flight test hours and 15 flights has been conducted;

(B) the Defense Science Board has conducted an independent review of the Block 1 flight test data and reported the results of that review, together with its findings and conclusions, to the Secretary of Defense;

(C) the Director of Operational Tests and Evaluation has evaluated the performance of the B-2 aircraft during its Block 1 flight testing with respect to "Critical Operational Issues" and has provided an "Early Operational Assessment" to the Secretary of Defense; and

(D) the Secretary of Defense certifies to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives that—

(i) no major aerodynamic or flightworthiness problems have been identified during the Block 1 testing;

(ii) the performance milestones (including initial flight testing) for the B-2 aircraft for fiscal year 1990 (as contained in the B-2 full performance matrix program established under section 121 of the National Defense Authorization Act for Fiscal Years 1988 and 1989 (Public Law 100-180) and section 232 of the National Defense Authorization Act, Fiscal Year 1989 (Public Law 100-456)) have been met and that any proposed waiver or modification to the B-2 performance matrix will be provided in writing in advance to such committees;

(iii) the goals of the cost reduction initiatives established for the B-2 program under section 121 of the National Defense Authorization Act for Fiscal years 1988 and 1989 and section 232 of the National Defense Authorization Act, Fiscal Year 1989 will be achieved; and

(iv) the quality assurance practices and fiscal management controls of the prime contractor and major subcontractors associated with the B-2 program meet or exceed generally applicable Department of Defense standards.

(2) Any certification by the Secretary under paragraph (1)(D) shall include a description of any savings that will be realized under the initiatives referred to in such paragraph.

(c) BLOCK 2 REQUIREMENTS.—Funds appropriated for the Air Force for fiscal year 1990 for the procurement of aircraft may not be obligated for the procurement of B-2 aircraft before the commencement of the low-observables portion of the Block 2 testing on B-2 developmental aircraft.

(d) DEFENSE SCIENCE BOARD ASSESSMENT.—Of the amounts made available for the Air Force for fiscal year 1990 for the procurement of B-2 aircraft not more than 25 percent may be expended before submission by the Secretary of Defense to the Committees on Armed Services and Appropriations of the Senate and House of Representatives of a classified report containing the assessments of the Low-Observables Panel of the Defense Science Board as to the progress and problems, if any, encountered during the initial phase of low-observables testing of the B-2.

(e) EFFICIENT PRODUCTION RATE FUNDING.—Funds appropriated for the Air Force for fiscal year 1990 for procurement of aircraft may not be obligated for the procurement of B-2 aircraft until the Secretary of Defense certifies that, in the five-year de-

fense program prepared in conjunction with any amended budget request for fiscal year 1991, the Air Force has included sufficient funding for any increase in the production rate of B-2 aircraft required to attain an efficient production rate following the planned acquisition milestone decision authorizing rate production.

(f) APPLICATION OF PROHIBITIONS.—The prohibitions in subsections (b) through (d) apply only to the three new production B-2 aircraft for which funds for procurement were requested in the President's April 1989 amended budget request for fiscal year 1990.

(g) CERTIFICATION REQUIREMENT.—(1) The Secretary of Defense shall certify annually to Congress that the unit flyaway cost for 132 B-2 aircraft measured in constant 1990 dollars does not exceed $295,000,000 per aircraft..

((2) The certification required by this subsection shall be submitted not later than March 15, 1990, and each succeeding March 15 thereafter until the B-2 procurement program is completed. Such certification shall be submitted to the Committees on Armed Services and on Appropriations of the Senate and the House of Representatives.

(3) If the Secretary cannot make the certification required by paragraph (1), the Secretary shall report to Congress the amount that the unit flyaway cost will exceed the amount described in paragraph (1) and submit an explanation of the reasons for such an increase in cost.

AMENDMENT NO. 397 TO AMENDMENT NO. 396

Mr. NUNN. Mr. President, I send an amendment to the desk on behalf of myself and Senator WARNER to the amendment of Senator WARNER just filed at the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Georgia [Mr. NUNN], for himself and Mr. WARNER, proposes an amendment numbered 397 to amendment No. 396.

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

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

The amendment is as follows:

In the amendment proposed by Mr. WARNER and Mr. NUNN strike out everything after "SEC. 133. B-2 BOMBER PROGRAM REQUIREMENTS AND LIMITATIONS." and insert in lieu thereof the following:

(a) AMOUNT AUTHORIZED.—Of the amounts appropriated pursuant to section 103(a)(1) for the Air Force for procurement of aircraft for fiscal year 1990, not more than $2,549,374,000 may be obligated for procurement for the B-2 aircraft program.

(b) BLOCK 1 REQUIREMENTS.—(1) Funds appropriated for the Air Force for fiscal year 1990 for procurement of aircraft may not be obligated for the procurement of B-2 aircraft until—

(A) the initial planned Block 1 program of flight testing of the B-2 aircraft, consisting of approximately 75 flight test hours and 15 flights has been conducted;

(B) the Defense Science Board has conducted an independent review of the Block 1 flight test data and reported the results of that review, together with its findings and conclusions, to the Secretary of Defense;

(C) the Director of Operational Test and Evaluation has evaluated the performance of the B-2 aircraft during its Block 1 flight testing with respect to "Critical Operational Issues" and has provided an "Early Operational Assessment" to the Secretary of Defense; and

(D) the Secretary of Defense certifies to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives that—

(i) no major aerodynamic or flightworthiness problems have been identified during the Block 1 testing;

(ii) the performance milestones (including initial flight testing) for the B-2 aircraft for fiscal year 1990 (as contained in the B-2 full performance matrix program established under section 121 of the National Defense Authorization Act for Fiscal Years 1988 and 1989 (Public Law 100-180) and section 232 of the National Defense Authorization Act, Fiscal Year 1989 (Public Law 100-456)) have been met and that any proposed waiver or modification to the B-2 performance matrix will be provided in writing in advance to such committees;

(iii) the goals of the cost reduction initiatives established for the B-2 program under section 121 of the National Defense Authorization Act for Fiscal Years 1988 and 1989 and section 232 of the National Defense Authorization Act, Fiscal Year 1989 will be achieved; and

(iv) the quality assurance practices and fiscal management controls of the prime contractor and major subcontractors associated with the B-2 program meet or exceed generally applicable Department of Defense standards.

(2) Any certification by the Secretary under paragraph (1)(D) shall include a description of any savings that will be realized under the initatives referred to in such paragraph.

(c) BLOCK 2 REQUIREMENTS.—Funds appropriated for the Air Force for fiscal year 1990 for the procurement of aircraft may not be obligated for the procurement of B-2 aircraft before the commencement of the low-observables portion of the Block 2 testing on B-2 developmental aircraft.

(d) DEFENSE SCIENCE BOARD ASSESSMENT.—Of the amounts made available for the Air Force for fiscal year 1990 for the procurement of B-2 aircraft not more than 25 percent may be expended before submission by the Secretary of Defense to the Committees on Armed Services and Appropriations of the Senate and House of Representatives of a classified report containing the assessments of the Low-Observables Panel of the Defense Science Board as to the progress and problems, if any, encountered during the initial phase of low-observables testing of the B-2.

(e) EFFICIENT PRODUCTION RATE FUNDING.—Funds appropriated for the Air Force for fiscal year 1990 for procurement of aircraft may not be obligated for the procurement of B-2 aircraft until the Secretary of Defense certifies that, in the five-year defense program prepared in conjunction with any amended budget request for fiscal year 1991, the Air Force has included sufficient funding for any increase in the production rate of B-2 aircraft required to attain an efficient production rate following the planned acquisition milestone decision authorizing rate production.

(f) APPLICATION OF PROHIBITIONS.—The prohibitions in subsections (b) through (d) apply only to the three new production B-2 aircraft for which funds for procurement were requested in the President's April 1989 amended budget request for fiscal year 1990.

(g) CERTIFICATION REQUIREMENT.—(1) The Secretary of Defense shall certify annually to Congress that the unit flyaway cost for 132 B-2 aircraft measured in constant 1990 dollars does not exceed $295,000,000 per aircraft.

(2) The certification required by this subsection shall be submitted not later than March 15, 1990, and each succeeding March 15 thereafter until the B-2 procurement program is completed. Such certifcation shall be submitted to the Committees on Armed Services and on Appropriations of the Senate and the House of Representatives.

(3) If the Secretary cannot make the certification required by paragraph (1), the Secretary shall report to Congress the amount that the unit flyaway cost will exceed the amount described in paragraph (1) and submit an explanation of the reasons for such an increase in cost.

Mr. NUNN. Mr. President, a word of brief explanation here. The amendment which Senator WARNER and I offered and the second-degree amendment which we just offered also relate to the B-2 aircraft. The amendments will be printed in the RECORD and they will be the pending business tomorrow morning.

The amendment essentially puts before the Senate the recommendations of the Senate Armed Services Committee on the B-2 program, but certain changes are made because we have already now flown the aircraft. Our committee bill was passed before we had flown the aircraft. So there are changes in the Senate bill reflected in this amendment.

These recommendations include a $300 million reduction in the procurement budget for the B-2 and a series of prohibitions on the obligation of the remaining funds until the B-2 successfully completes a series of flight testing, both in terms of flying qualities and also in terms of the Stealth characteristics which are so essential to the performance of this aircraft as envisioned. These tests will be monitored by independent bodies, and those views will be required as well. Senator WARNER, I am sure, can speak to that further.

I urge my colleagues to study the committee recommendations carefully since they are incorporated in this amendment. We will debate the B-2 issue in the morning on this amendment.

Mr. President, I ask unanimous consent that a chart listing the B-2 prohibitions incorporated in this amendment be printed in the RECORD. These will be referred to as fences.

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

SENATE ARMED SERVICES COMMITTEE RECOMMENDATIONS ON B-2

INCORPORATED IN NUNN-WARNER AMENDMENT

$300 million reduction in procurement.

Prohibitions on obligation of procurement funds: no obligation until completion of block 1 test flights, no obligation until inde-

pendent certification of airworthiness by both Defense Science Board and Director, operational test and evaluation, no obligation of funds until initiation of low-observable testing, no more than 25 percent may be expended before the Secretary of Defense reports on the status of low-observables testing, no obligation if B-2 not funded at efficient rates in five-year plan, and annual certification that flyaway costs do not exceed $295 million.

Committee recommendation fully protects the taxpayers' interest while minimizing disruption to program.

Bottom line: We won't buy any more B-2 aircraft if it fails its flight test program.

Mr. NUNN. Mr. President, they essentially require that certain tests take place before the funds are obligated for the procurement of the three aircraft.

Mr. WARNER. Mr. President, if I might have the attention of the distinguished chairman. He used the word "fence." We referred to it in the committee as "gates," gates through which this aircraft would pass to meet what we regard as the initial fly-before-buy test. These are clear examples of how the Armed Services Committee desires to have this weapons program and future weapons programs thoroughly tested before we become heavily involved in the production phase.

The distinguished chairman indicated there was $300 million removed from the production account, but I think the chairman will agree with me, that was a trimming mechanism and does not reflect in any way our present thinking that this production should not go forward, assuming the nine gates are timely met by the Department of the Air Force.

Mr. NUNN. The Senator from Virginia is correct. We do believe production should go forward once these gates are met, once the fences have been removed and the B-2 passes through the gates the Senate described in terms of performance and flying. We do put the money up. There is a fundamental difference in the approach done here than what was done on the House. They take the money out, and even if those tests prove to be 100 percent successful in the time required, the production money will not be there which is going to significantly increase the cost of this aircraft. We already have sticker shock with the aircraft. I would hate to take actions there which would increase the costs further.

Mr. WARNER. Mr. President, again drawing the attention of the chairman, he referred to the tests of the House. My recollection is they did not put tests in; they took money out for the bomber.

Mr. NUNN. I did not mean to imply they did. There will be tests independent of the House action. If those tests are met, according to our definition of meeting the test, the House still would not have the production money there.

Mr. WARNER. Would the chairman agree with me the proposed amendments we sent forward which, really, as you stated is the action of the committee, reflect the President's program as submitted by the Secretary of Defense?

Mr. NUNN. I would not agree it reflects the President's program as submitted because we did put the gates in and did do some trimming. But what we have done is we have tried to make these changes compatible with the President's program so as to have as little effect on the cost escalation as possible while at the same time guarding against going into production on these three aircraft until such time as we are sure the aircraft flies and we are sure the Stealth characteristics are going to be met as advertised.

Mr. WARNER. We agree on that.

Mr. President, the chairman and I have no further business on this bill at this time; is that correct?

Mr. NUNN. That is correct.

Mr. GRAHAM addressed the Chair.

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

MORNING BUSINESS

Mr. GRAHAM. Mr. President, I ask unanimous consent that the Senate proceed as in morning business for purposes of introduction of legislation, and with Senators permitted to speak therein.

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

The Senator from Florida is recognized.

Mr. GRAHAM. I thank the Chair.

(The remarks of Mr. GRAHAM pertaining to the introduction of S. 1389 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

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.)

CLEAN AIR ACT AMENDMENTS OF 1989—MESSAGE FROM THE PRESIDENT RECEIVED DURING THE RECESS—PM 56

Under the authority of the order of the Senate of January 3, 1989, the Secretary of the Senate, on July 21, 1989, during the recess of the Senate, received the following message from the President of the United States, together with accompanying papers; which was referred to the Committee on Environment and Public Works:

To the Congress of the United States:

Today I am pleased to transmit proposed legislation entitled the "Clean Air Act Amendments of 1989." This proposal reflects the first major clean air legislation proposed by the executive branch in a decade. It is designed to achieve consensus by complementing the important efforts of the Congress in recent years, so that we can move forward this year with a plan to protect our Nation's air.

On June 12, 1989, I outlined the highlights of my program to provide clean air for all Americans, the first sweeping revisions to the Clean Air Act since 1977. This legislation implements that program. While emissions of some pollutants—such as lead and carbon monoxide—have been reduced since the Clean Air Act was passed in 1970, progress has not come quickly enough and much remains to be done.

My proposal is designed to curb three major threats: acid rain, urban air pollution, and toxic air emissions. The seven-title proposal I am sending you today represents the actions that we believe the Congress should take in each of these areas. If this legislation is enacted, acid rain-related pollutants will be reduced by nearly one-half, all urban areas in the country will finally attain national air quality standards, and emissions of toxic air pollutants will be slashed.

My acid rain proposal would permanently cut sulfur dioxide (SO_2) emissions by 10 million tons from 1989 levels and would result in a 2 million ton cut in nitrogen oxide (NOx) emissions from levels projected by the year 2000. All cities currently not meeting the health standards for ozone and carbon monoxide would be brought in to attainment. Most cities would attain the standard by 1995, and the plan is designed to ensure attainment in all but the most severely impacted cities by the year 2000. New plants emitting toxic compounds into the air would be required to employ the best technology currently available so as to achieve a significant cut in pollutants suspected of causing cancer.

More important, this proposed legislation makes deep, early cuts in air pollution and continues that progress forward into the 21st century. During my campaign I promised the American

people that my Administration would work to protect the environment and to ensure clean air for all Americans. Enactment of the proposal I presented to you today will be a major step in fulfilling that promise. I urge these important proposals be promptly considered and enacted. We owe the people of our great Nation nothing less.

GEORGE BUSH.

THE WHITE HOUSE, *July 21, 1989.*

MESSAGE FROM THE HOUSE RECEIVED DURING RECESS

ENROLLED JOINT RESOLUTION SIGNED

Under the authority of the order of the Senate of January 3, 1989, the Secretary of the Senate, on July 21, 1989, during the recess of the Senate, received a message from the House of Representatives announcing that the Speaker has signed the following enrolled bill:

H.R. 999. An act to reauthorize the Advisory Council on Historic Preservation.

The enrolled bill was signed on July 24, 1989, by the Acting President pro tempore (Mr. WIRTH).

MESSAGES FROM THE HOUSE

At 12:35 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 resolutions, without amendment:

S.J. Res. 85. Joint resolution to designate the week of July 24 to July 30, 1989, as the "National Week of Recognition and Remembrance for Those Who Served in the Korean War"; and

S.J. Res. 142. Joint resolution designating the week beginning July 23, 1989, as "Lyme Disease Awareness Week".

ENROLLED JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker has signed the following enrolled joint resolutions:

S.J. Res. 85. Joint resolution to designate the week of July 24 to July 30, 1989, as the "National Week of Recognition and Remembrance for Those Who Served in the Korean War"; and

S.J. Res. 142. Joint resolution designating the week beginning July 23, 1989, as "Lyme Disease Awareness Week".

The enrolled joint resolutions were subsequently signed by the Acting President pro tempore (Mr. WIRTH).

ENROLLED BILL SIGNED

At 2:05 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 1485. An act to direct the sale of certain lands in Clark County, Nevada, to meet national defense and other needs; to authorize the sale of certain other lands in Clark County, Nevada; and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore (Mr. BYRD).

ENROLLED JOINT RESOLUTIONS PRESENTED

The Secretary of the Senate reported that on today, July 24, 1989, he had presented to the President of the United States the following enrolled joint resolutions:

S.J. Res. 85. Joint resolution to designate the week of July 24 to July 30, 1989, as the "National Week of Recognition and Remembrance for Those Who Served in the Korean War"; and

S.J. Res. 142. Joint resolution designating the week beginning July 23, 1989, as "Lyme Disease Awareness Week".

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CRANSTON, from the Committee on Veterans' Affairs, with an amendment in the nature of a substitute:

S. 1153. A bill to amend title 38, United States Code, to provide for the establishment of presumptions of service-connection between certain diseases, experienced by veterans who served in Vietnam era and exposure to certain toxic herbicide agents used in Vietnam; to provide for interim benefits for veterans of such service who have certain diseases; to improve the reporting requirements relating to the "Ranch Hand Study"; and for other purposes (Rept. No. 101-82).

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. DIXON (for himself, Mr. HEINZ, Mr. SHELBY, Mr. WIRTH, and Mr. D'AMATO):

S. 1379. A bill to reauthorize and amend the Defense Production Act of 1950, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. WILSON (for himself, Mr. KERRY, Mr. COATS, Mr. DOLE, and Mr. LOTT):

S. 1380. A bill to amend title 31, United States Code, to increase both citizen participation in and funding for the war on drugs by directing the Secretary of the Treasury to issue Drug War Bonds, and for other purposes; to the Committee on Finance.

By Mr. KASTEN (for himself, Mr. HARKIN, Mr. BOSCHWITZ, Mr. SYMMS, Mr. LOTT, Mr. LUGAR, Mr. PRESSLER, and Mr. BURNS):

S. 1381. A bill to amend the Internal Revenue Code of 1986 to increase to 100 percent and make permanent the deduction for health insurance for self-employed individuals; to the Committee on Finance.

By Mr. GRAHAM:

S. 1382. A bill to permit issuance of a certificate of documentation for employment in the coastwise trade of the United States for the vessel the *Karlissa*; to the Committee on Commerce, Science, and Transportation.

By Mr. DIXON (for himself, Mr. D'AMATO, Mr. KERRY, Mr. LEVIN, Mr. BURDICK, Mr. HARKIN, Mr. SIMON, Mr. BINGAMAN, Mr. NUNN, Mr. SARBANES, Mr. LUGAR, Mr. COHEN, Mr. CRANSTON, Ms. MIKULSKI, Mr. EXON, Mr. HEFLIN, Mr. PRESSLER, Mr. KASTEN, Mr. GLENN, Mr. DODD, Mr. SPECTER, Mr. FORD, Mr. LAUTENBERG, Mr. ROTH, Mr. KERRY, Mr. GRASSLEY, Mr. COATS, Mr. BREAUX, Mr. BUMPERS, Mr. KOHL, and Mr. GORE):

S. 1383. A bill to amend the Internal Revenue Code of 1986 to exclude certain employees from pension minimum coverage requirements; to the Committee on Finance.

By Mr. DASCHLE (for himself, Mr. ROCKEFELLER, Mr. INOUYE, Mr. MATSUNAGA, and Mr. BURDICK):

S. 1384. A bill to amend title XVIII of the Social Security Act to provide direct reimbursement under part B of Medicare for nurse practitioner or clinical nurse specialist services that are provided in rural areas; to the Committee on Finance.

By Mr. LOTT (for himself, Mr. COCHRAN, Mr. THURMOND, and Mr. GRAHAM):

S. 1385. A bill to establish a tropical cyclone reconnaissance, surveillance, and research program under the joint control of the Secretary of Defense and the Secretary of Commerce; to the Committee on Commerce, Science, and Transportation.

By Mr. PRYOR (for himself, Mr. RIEGLE, Mr. COHEN, and Mr. DANFORTH):

S. 1386. A bill to amend title XIX of the Social Security Act to preserve payment for daytime habilitation services under such title; to the Committee on Finance.

By Mr. HARKIN (for himself, Mr. LEAHY, Mr. LUGAR, Mr. CONRAD, Mr. GLENN, Mr. DURENBERGER, Mr. DASCHLE, Mr. BURDICK, Mr. MATSUNAGA, Mr. BOND, and Mr. GRASSLEY):

S. 1387. A bill to authorize a research program for the modification of plants, and plant materials, focusing on the development and production of new marketable industrial and commercial products, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. HARKIN (for himself and Mr. LEVIN):

S. 1388. A bill to amend the Internal Revenue Code of 1986 to repeal the supplemental Medicare premium and to provide funding for Medicare catastrophic benefits from general receipts by extending the maximum individual income tax rate of 33 percent; to the Committee on Finance.

By Mr. GRAHAM (for himself, Mr. DECONCINI, and Mr. KERRY):

S. 1389. A bill to authorize the issuance of drug war bonds and to require that the proceeds of those bonds be used to fund the Anti-Drug Abuse Act of 1988; to the Committee on Finance.

By Mr. KENNEDY (for himself and Mr. HATCH):

S. 1390. A bill to authorize funds to be appropriated for the construction of research laboratory, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. KENNEDY (for himself, Mr. MATSUNAGA, Ms. MIKULSKI, Mr. ADAMS, Mr. SIMON, and Mr. DODD):

S. 1391. A bill to amend the Public Health Service Act to establish a Foundation for Biomedical Research, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. KENNEDY (for himself, Mr. HATCH, Mr. ADAMS, Mr. DODD, Mrs. KASSEBAUM, Mr. MATSUNAGA, Ms. MIKULSKI, and Mr. SIMON):

S. 1392. A bill to amend the Public Health Service Act to provide grants for the expansion or renovation of biomedical and behavioral research facilities, to establish a National Center for Medical Rehabilitation Research, to establish a senior biomedical scientific service, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. DOLE (for himself, Mr. MITCHELL, Mr. KERRY, and Mr. MURKOWSKI):

S.J. Res. 182. Joint resolution to commemorate the 50th anniversary of Little League Baseball; considered and passed.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DIXON (for himself, Mr. HEINZ, Mr. SHELBY, Mr. WIRTH, and Mr. D'AMATO):

S. 1379. A bill to reauthorize and amend the Defense Production Act of 1950, and for other purposes; to the Committee on Banking, Housing and Urban Affairs.

REAUTHORIZING AND AMENDING THE DEFENSE PRODUCTION ACT OF 1950

Mr. DIXON. Mr. President, together with my distinguished colleagues, Senators HEINZ, SHELBY, WIRTH, and D'AMATO, I am today introducing the Defense Production Act Amendments of 1989.

The current authorization is due to sunset on September 30, 1989. This bill extends the Defense Production Act of 1950 for an additional 4 years. More importantly, it makes a series of valuable improvements to the authorities currently accorded to the President by that act. These amendments substantially improve the act's effectiveness as a primary set of tools to preserve and enhance the industrial and technology base supporting the national defense.

The Defense Production Act was initially enacted in 1950 to mobilize the Nation's productive capacity in response to the Korean conflict. It has been reauthorized and amended a number of times, most recently in 1986.

When first enacted, the Defense Production Act contained seven titles. Today, only three titles remain in effect. The other four titles previously expired and have not been renewed. I would like to briefly describe the three active titles.

Title I grants to the President the power to prioritize performance of specific contracts to meet urgent defense requirements, and to allocate resources to industries to optimize production of defense materiel.

Mr. President, let me cite a recent example of the importance of the allocation and prioritization authorities provided by title I of the Defense Production Act. In May 1988, an explosion took place in a plant in Henderson, NV, which destroyed 50 percent of our domestic capacity for the production of ammonium perchlorate [AP]. This chemical is an essential ingredient in the manufacture of propellant for solid rocket motors. At once, a near crisis situation existed with regard to a whole range of strategic and tactical missiles in the military inventory and key NASA programs, including the motors for the space shuttle.

The authority of title I was evoked to allocate the remaining production to meet the most critical national security requirements, NASA requirements, and civilian needs. To rebuild the destroyed domestic facility as quickly as possible, the construction contract was assigned a high priority rating. Such priority status will bring the plant into production within 1 year after the start of construction. Without prioritization, it is estimated that this complex construction project would have required 2 to 3 years from contract award to commencement of operations.

Title III authorizes the President to use loans, loan guarantees, purchase commitments, and grants to encourage contractors to establish or expand activities to provide increased industrial capacity for defense needs. The purchase commitment technique is the only title III incentive currently used. The title III program is presently managed by the Department of Defense, with the Air Force serving as executive agent.

Funding of title III can be described as unstable at best. An aggregate of $150 million is authorized for the title III program for fiscal years 1987 through 1989. Appropriations to the program—$53.5 million for fiscal years 1987 through 1989—only totaled slightly over one-third of the amount authorized. On a more positive note, the funding for fiscal year 1989 was $27.5 million, more than double that provided during the prior 2 fiscal years.

Let me share an example of how the title III authority helped us to break a foreign dependency for a critical material. The primary source of high purity quartz fiber, needed for complex electronics, is located in France. The Department of Defense was purchasing its needs on a sole source basis. The contractor was not providing the quantities needed in a timely fashion, causing delays in Department of Defense programs. Using the purchase guarantee incentive provided by title III, the Department of Defense was able to encourage a U.S. firm, Fiber Materials of Columbus, OH, to commence production. The Department of Defense now has a domestic source for this critical material, which has helped substantially to maintain timely delivery of Defense Department needs, and in the future, may provide effective competition to the French firm.

Title VII authorizes the President to provide antitrust defenses to private entities conducting joint activities under voluntary agreements aimed at solving production and distribution problems impairing national defense preparedness. The creation of such voluntary agreements must be initiated by the President, and must be approved by the Attorney General and the Chairman of the Federal Trade Commission before any antitrust protections are accorded to the participants.

As it exists today, the Defense Production Act is a basic and essential tool for the maintenance of our Nation's defense preparedness program. The amendments proposed in our bill will substantially enhance its capabilities in both the industrial sector and technology sector to support national defense requirements in peacetime as well as in times of national emergency.

The steady erosion of the defense industrial base has been a source of deep concern to defense planners for more than a decade. The problem has been the subject of numerous Department of Defense, industry, General Accounting Office, and congressional reviews since the mid-1970's.

Mr. President, I ask unanimous consent that a listing of some of the major analyses of the defense industrial base be inserted in the RECORD following my statement.

More recently, we are seeing increasing concern regarding the health of the defense technology base, which has provided qualitative superiority for the U.S. military. The Office of Technology Assessment [OTA] is conducting a broad assessment of the defense technology base at the request of the Senate Armed Services Committee. In March 1988, OTA issued an introduction and overview of the defense technology base. This report identified the causes for concern and related them to key policy issues and the management of technology programs within the Department of Defense. A year later, OTA released a second report, "Holding the Edge: Maintaining the Defense Technology Base." In that report, OTA's panel concluded that America's technological superiority, which has been the cornerstone of national security planning and economic preeminence, is not crumbling, but has weathered significantly over the past decade. Investment in technology advancement has slowed, both in terms of private sector expenditures, and Government spending. An interdependent, global economy, driven by the private commercial sector, has become the reality in terms of both technology development and conversion of technology to usable products and processes. These two

trends have led to increasing dependence on foreign sources for defense equipment from essential components of the most complex major weapons systems to some very basic items of equipment.

Until the 100th Congress, little had been done to fashion solutions to these problems. The reports were noted, often with a substantial fanfare, but then consigned to the shelves of key policymakers. Only a small group of dedicated civil servants in the Office of the Secretary of Defense, the military services, and certain civilian agencies with a role in defense preparedness programs, such as the Federal Emergency Management Agency and Commerce Office of Industrial Resources Administration, sought to maintain some management attention to the worsening condition of the industrial and technology base supporting our national defense.

Mr. President, to help initiate the process of refocusing attention and moving us toward the shaping of solutions, I introduced S. 1892, the Defense Industrial Base Preservation Act of 1988, during the last Congress. At the same time, in the other body, Representative MARY ROSE OAKAR of Ohio had begun her efforts to win acceptance of amendments to the Defense Production Act. The fiscal year 1989 Department of Defense Authorization Act, Public Law 100-456, included a series of defense industrial and technology base provisions, many drawn from S. 1892. Within the executive branch, Dr. Robert B. Costello, the Under Secretary of Defense for Acquisition, made revitalization of the defense industrial and technology base a Department of Defense priority. Under his usual enthusiastic leadership, a report entitled "Bolstering Defense Industrial Competitiveness, was issued in July 1988 as a blueprint for future remedial actions.

The Defense Science Board revisited the issue of the defense industrial base, and extended its 1988 review to the defense technology base. It found the uncertainties of the defense market, coupled with the adversial relationships between the defense industry and the Department of Defense, to be principal contributors to inadequate investment in both research and development and modernization of industrial plant equipment and facilities. The Defense Science Board also found the need for a White House-level forum to reconcile the expectations of national defense strategy regarding the industrial base and the realistic capabilities of that base to meet peacetime requirements as well as those required by graduated levels of mobilization. Several of the Defense Science Board's recommendations have been included in our bill.

The Air Force Association also conducted an assessment of the defense industrial and technology base. The title of the Air Force Association's September 1988 report captures the flavor of the overall findings: "Lifeline in Danger: An Assessment of the United States Defense Industrial Base." The report's findings were similar to those of the studies conducted by the Department of Defense and the Defense Science Board: American defense material had become increasingly dependent upon foreign sources for critical components, and the full extent of such dependence remains basically unknown. Such foreign dependency increases the likelihood that American industry will face greater difficulty in meeting peacetime requirements, much less surge requirements needed to repond to a national emergency. It is estimated by the Air Force Association that our defense industry would be unable to expand production to meet planned mobilization requirements for even the most essential defense material in less than 18 months. The report also highlighted the Nation's growing dependence on foreign sources for high technology items in the commercial sector, as well as the defense sector especially ominous trend that appears to be continuing virtually unchecked. Our proposed legislation encompasses several of the Air Force Association's general recommendations made in this valuable assessment.

In May of this year, the Center for Strategic and International Studies released its report on the health of the defense industrial and technology base. In many respects, the center's report is the most sobering of all. It reports a virtual mass exodus of firms from the defense industrial base, especially smaller subcontractors and suppliers. The center's analysis catalogs this loss of manufacturing and technology capability in specific industry sectors, focusing on those especially vital to meeting national defense requirements. According to the center, close to 20,000 firms supporting the development and production of aerospace equipment left the Department of Defense vendor base since 1982, leaving approximately 3,000 by 1986. The report also reviewed the substantial import penetration being felt within the industrial and technology sectors supporting defense requirements. According the center's analysis of available data, our use of foreign components and subassemblies in defense material increased nearly 19 percent between 1980 and 1986.

The American Electronics Association, the National Center for Manufacturing Excellence, and "Rebuild America" have even spearheaded a new "Wake Up America" Coalition, which inaugurated its activities at a May 25 symposium. The coalition's initial policy statement, "Consortia and Capital: Industry-Led Policy in The 1990's," advocates the concept of industry-led, Government-supported consortia to revitalize America's strategic industries and manufacturing technologies, and to commercialize promising technology advances. The coalition joins the National Council for Industrial Defense, which has been working since 1986 to encourage public policies to strengthen our Nation's industrial manufacturing capability and the national defense.

Mr. President, the reauthorization of the Defense Production Act provides the next major legislative opportunity to address many of the important issues raised by these various analyses. Our Defense Production Act Amendments of 1989 are intended to provide a firm starting point for the legislative deliberations of the committee on Banking, Housing, and Urban Affairs, which has exercised jurisdiction over the Defense Production Act since its initial enactment in 1950.

The Banking Committee has already completed 2 days of hearings to receive testimony on the overall health of the Nation's industrial and technology base, its competitiveness in world markets, and its ability to support national defense requirements. On July 11, the committee received testimony from a distinguished panel of former senior Government officials including Frank C. Carlucci, formerly the Deputy Secretary and later the Secretary of Defense, Dr. Robert B. Costello, formerly the Under Secretary of Defense for Acquisition, and Adm. Bobby Inman, formerly the Deputy Director of the Central Intelligence Agency. On July 18, the committee received testimony from three industry leaders: Norman R. Augustine, chairman and CEO of Martin Marietta Corp., Robert W. Galvin, chairman of Motorola, Inc., and Stanley C. Pace, chairman and CEO of General Dynamics Corp. Universally, they painted a picture of declining capability and diminished competitiveness, an industrial and technology base in need of a strong shot in the arm. They described the problems in practical terms, and offered an array of thoughtful solutions, several of which are included in our bill which extends and amends the Defense Production Act. Solutions to the basically systemic issues identified will have to be addressed as the committee continues its hearing process and moves to the reporting of legislation.

The Defense Production Act Amendments of 1989 were developed over many months with numerous contributions from many knowledgeable and experienced individuals in Government and from the private sector. A staff discussion draft of the proposed bill was broadly circulated for public comment on May 3, 1989. Numerous comments were received from trade as-

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sociations representing an array of industries in both technology and manufacturing. Their memberships includes the very giants of the aerospace and electronics industries, but many are principally populated by small firms. The member companies of these associations by small firms. The member companies of these associations include firms operating principally in the private commercial market as well as those which have the Department of Defense as their principal customer. Informal discussions were held with a number of groups, including committees of the Aerospace Industries Association, the Computer and Business Equipment Manufacturers Association, and the Business Roundtable. In addition to drawing upon these sources, our bill includes many of the key provisions of the administration's version of the Defense Production Act Amendments of 1989.

As I previously mentioned, the Defense Production Act will sunset on September 30, 1989. Our bill extends the act for an addition 4 years, that is, through September 30, 1993. It authorizes the appropriation of the aggregate sum of $250 million to support the provisions of sections 301, 302, and 303, relating to purchase commitments, loans, loan guarantees, and grants during the fiscal years 1990 through 1993. Currently, the act authorizes the appropriation of the aggregate sum of $150 million during the 3 fiscal years 1987 through 1989, with additional limitations on the amounts that may be expended under the authority of section 303, relating to purchase commitments.

More importantly, Mr. President, our bill makes a broad array of amendments to modernize the act, expand its reach, and enhance the President's authorities. It implements important recommendations of several of the reports which I have just reviewed for my colleagues. It requires the issuance of important acquisition policies designed to foster contractor investment, the development of emerging critical technologies, and access to dependable sources of critical components.

The bill expands the reach and enhances the usefulness of the existing authorities accorded by title III in several important ways. First, it expands the class of projects eligible for support by providing a new, and broad, definition of "industrial resources." It specifically accords eligibility to projects for the development and application of technology important to national defense requirements.

Second, the bill provides stable funding for the purchase commitments and other financial incentives authorized under title III of the act by creating a Defense Production Act Fund as a separate, dedicated revolving fund within the Treasury. This fund is initially capitalized through the transfer of $200 million in unobligated balances from the national defense stockpile fund.

Both the new Defense Production Act fund and the existing stockpile fund are complimentary elements of defense preparedness planning. The stockpile of critical raw materials presumes a crisis that will permit time for the mobilization of the Nation's productive capacity to national defense requirements by providing years of supply of essential raw materials for industry. Under our amendments, the Defense Production Act fund would be aimed at providing quick response surge capability by industry through enhancing the manufacturing capabilities already in place, and providing a limited stockpile of critical components upon which we are foreign source dependent. Our bill proposes shifting resources between two complementary programs.

Third, our amendments to title III would authorize sustaining the fund through the disposal of surplus industrial plant equipment and production facilities. They would permit limited transfers of unobligated balances from the stockpile fund, but restricted to no more than $10 million annually.

To allay any concerns that the Defense Production Act fund could be transformed into a huge slush fund through which a future President and his Pentagon leaders might engage in centralized economic planning, the picking of winners and losers that concerns many in this Chamber, we have capped the fund. It cannot exceed the aggregate of $250 million and whatever has been appropriated for the current fiscal year. Effectively, the fund cannot exceed slightly over $300 million, even if the annual appropriation were made at the full authorized amount, which is an unlikely occurrence in the foreseeable future. Any amounts in excess of the cap would revert to the general fund of the Treasury.

Our Defense Production Act amendments would recast the limited antitrust protections currently accorded by title VII of the act to firms engaged in voluntary agreements—limited to expanding productive capacity to meet national defense requirements—into a generic Sematech authority to facilitate the creation of joint industry undertakings. We anticipate that the sanctioned industry consortia permitted by our amendments would be directed at the development and application of emerging technologies as well as modernized manufacturing and production capabilities.

Our amendments would permit such sanctioned industry consortia to engage in production, marketing, and flexible manufacturing networks, as well as the traditional activities of research and development. To afford necessary protections for the public, our legislation requires that the activities of a proposed consortia be specified in its application and be approved by both the Attorney General and the Chairman of the Federal Trade Commission. To maintain its antitrust protections, the sanctioned industry consortium would have to continuously operate within the specifications, and appropriate limitations, of its charter, and the regulations authorized to implement this expanded authority. Our amendments would permit a party aggrieved by unauthorized behavior to have such behavior enjoined and, if successful, to collect actual damages and the cost of bringing the action.

The 1984 amendments to the act added section 309 which requires the President to submit an annual report to the Congress on the impact of offsets on defense preparedness, competitiveness, and trade. Our amendments specify the Secretary of Commerce as the President's executive agent for carrying out the responsibilities of the section. In addition, the bill amends section 309 by adding a requirement that notice of any offset agreement exceeding $5 million in value be furnished to the President. The amendments also address the use of these reports in bilateral and multilateral negotiations aimed at minimizing the adverse effects of offset arrangements.

The bill also amends section 721 of the act authorizing the President to assess the effects of mergers, acquisitions, and takeovers on national security. This provision was added to the act through the so-called Exon-Florio amendment to the Omnibus Trade and Competitiveness Act of 1988. Our amendment strengthens the provision regarding the making of a finding as to whether a particular merger, acquisition, or takeover may be expected to impair the national security.

Many of the bill's provisions seek to contemporize the act, which has been amended numerous times since 1950. Our bill repeals provisions still on the books which are no longer operative. It also makes numerous technical and conforming amendments updating the titles of various officers or organizations in both the executive branch and in the Congress. For example, we substitute references to the Office of Management and Budget for existing references to the Bureau of the Budget.

As I mentioned before, Mr. President, our bill implements several recommendations of the many studies completed to date. This bill calls for the establishment of an industrial capabilities committee, set up by the President, to assure a realistic assessment of the demands placed on industry by national defense plans, and industry's capabilities to fulfill those expectations. The bill also seeks to im-

prove the integration of national security policy and national economic policy. This is accomplished through appointing the Secretary of Defense to the Economic Policy Council, and calling for the establishment of a defense working group within the Council. The bill also calls for the assessment of industrial base capabilities through periodic exercises, which would simulate increased demands under various graduated mobilization response and surge conditions.

Our proposed amendments require the issuance of acquisition policies which would encourage investment in advanced defense industrial and technology base. I look forward to the prompt consideration of this bill.

Mr. President, I urge my colleagues to cosponsor this bill, and I ask unanimous consent that the text of the bill, a section-by-section analysis and the previously mentioned listing on the defense industrial base be printed in the RECORD.

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

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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 "Defense Production Act Amendments of 1989".

SEC. 2. CONGRESSIONAL FINDINGS.

The Congress finds that—

(1) the Defense Production Act of 1950 (50 U.S.C. App. 2061 et seq.) provides essential authority for—

(A) preserving and enhancing the defense industrial and technology base of the United States during peacetime; and

(B) mobilizing the Nation's productive capacity for national defense during periods of national emergency; and

(2) amendments to such Act are needed to—

(A) improve its utility to effectively sustain and develop the efficiency of the Nation's existing productive capacity necessary to meet national defense requirements;

(B) establish a revolving fund for improved management of the resources dedicated to defense industrial preparedness and the conduct of the programs authorized under the Act;

(C) facilitate use of such Act to foster the development of emerging technologies and advanced processes by providing appropriate protections for joint undertakings in research, development, production, and marketing; and

(D) eliminate outdated provisions that detract from the Act's usefulness as a primary set of authorities for the maintenance and enhancement of the defense industrial and technology base of the United States.

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TITLE I—AMENDMENTS TO THE DEFENSE PRODUCTION ACT OF 1950

PART A—DECLARATION OF POLICY

SEC. 101. DECLARATION OF POLICY.

Section 2 of the Defense Production Act of 1950 (50 U.S.C. App. 2062) is amended to read as follows:

"SEC. 2. DECLARATION OF POLICY.

The vitality of the industrial and technology base of the United States is a foundation of national security. It provides the industrial and technological capabilities employed to meet national defense requirements, in peacetime and in time of national emergency. In peacetime, the health of the industrial and technology base contributes to the technological superiority of our defense equipment, which a cornerstone of our national defense strategy, and the efficiency with which defense equipment is developed and produced. In times of crisis, a healthy industrial base will be able to effectively provide the graduated response needed to effectively meet the demands of the emergency.

To meet these requirements, the Act affords to the President an array of authorities to shape defense preparedness programs and to take appropriate steps to maintain and enhance the defense industrial and technology base."

PART B—AMENDMENTS TO TITLE III OF THE DEFENSE PRODUCTION ACT

SEC. 111. EXPANDING THE REACH OF EXISTING AUTHORITIES UNDER TITLE III.

(a) GUARANTEE AUTHORITY.—Section 301 of the Defense Production Act of 1950 (50 U.S.C. App. 2091) is amended—

(1) in subsection (a)(1), by striking "to expedite production and deliveries or services under Government contracts for the procurement of materials or the performance of services for the national defense" and inserting "to expedite or expand production and deliveries or services under Government contracts for the procurement of industrial resources or a critical technology for the national defense";

(2) by amending subsection (a)(3)(A) to read:

"(A) the guaranteed contract or operation is for industrial resources or a critical technology which is essential to the national defense;";

(3) in subsection (a)(3)(B), by striking "the capability for the needed material or service" and inserting "the needed industrial resources or critical technology";

(4) in subsection (e)(1)(A), by striking "Except during periods of national emergency declared by the Congress or the President" and inserting "Except as provided in subparagraph (D)";

(5) in subsection (e)(1)(C), by striking "$25,000,000" and inserting "$50,000,000"; and

(6) by adding at the end of subsection (e)(1), the following new subparagraph:

"(D) The requirements of subparagraphs (A), (B), and (C) may be waived during periods of national emergency declared by Congress or the President or upon a determination made by the President, on a nondelega-

ble basis, that a specific guarantee must be promptly made to avert an industrial resource or critical technology shortfall that would severely impair national defense capability.".

(b) LOANS TO PRIVATE BUSINESS ENTERPRISES.—Section 302 of the Defense Production Act of 1950 (50 U.S.C. App. 2092) is amended—

(1) in subsection (a), by striking "for the procurement of materials or the performance of services for the national defense" and inserting "for the procurement of industrial resources or a critical technology for the national defense";

(2) in subsection (c)(1), by striking "No such loans may be made under this section, except during periods of national emergency declared by the Congress or the President" and inserting "Except as provided in paragraph (4), no loans may be made under this section";

(3) in subsection (c)(3), by striking "$25,000,000" and inserting "$50,000,000"; and

(4) in subsection (c), by adding at the end the following new paragraph:

"(4) The requirements of paragraphs (1), (2), and (3) of this subsection may be waived during periods of national emergency declared by Congress or the President, or upon a determination made by the President, on a nondelegable basis, that a specific guarantee must be promptly made to avert an industrial resource or a critical technology shortfall that would severely impair national defense capability.".

(c) PURCHASES AND PURCHASE COMMITMENTS.—

(1) Section 303 of the Defense Production Act of 1950 (50 U.S.C. App. 2093(a)) is amended to read as follows:

"(a)(1) To assist in carrying out the objectives of this Act, the President may make provision (A) for purchases of or commitments to purchase an industrial resource or a critical technology, for Government use or resale; and (B) for the encouragement of exploration, development, and mining of critical and strategic materials, and other materials. Purchases for resale under this subsection shall not include that part of the supply of an agricultural commodity which is domestically produced except insofar as such domestically produced supply may be purchased for resale for industrial use or stockpiling, and no commodity purchased under this subsection shall be sold at less than the established ceiling price for such commodity (except that minerals, metals, and materials shall not be sold at less than the established ceiling price, or the current domestic market price, whichever is lower), or, if no ceiling price has been established, the higher of the following: (i) The current domestic market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 430, 81st Congress. No purchase or commitment to purchase any imported agricultural commodity shall specify a delivery date which is more than one year after the expiration of this section.

"(2) Except as provided in paragraph (4), the President may not execute a contract under this subsection unless the President determines that—

"(A) the industrial resource or critical technology is essential to the national defense;

"(B) without Presidential action under authority of this section, United States industry cannot reasonably be expected to provide the capability for the needed industrial resource or critical technology in a timely manner;

"(C) purchases, purchase commitments, or other action pursuant to this section are the most cost-effective, expedient, and practical alternative method for meeting the need; and

"(D) the United States national defense demand for the industrial resource or critical technology is equal to, or greater than the output of domestic industrial capability which the President reasonably determines to be available for national defense, including the output to be established through the purchase, purchase commitment, or other action.

"(3) Except as provided in paragraph (4), the President shall take no action under this section unless the industrial resource shortfall which such action is intended to correct has been identified in the Budget of the United States or amendments thereto, submitted to the Congress and accompanied by a statement from the President demonstrating that the budget submission is in accordance with the provisions of the preceding sentence. Any such action may be taken only after 60 days have elapsed after such industrial resource shortfall has been identified pursuant to the preceding sentence. If the taking of any action or actions under this section to correct an industrial resource shortfall would cause the aggregate outstanding amount of all such actions for such industrial resource shortfall to exceed $50,000,000, any such action or actions may be taken only if specifically authorized by law.

"(4) The requirements of paragraphs (1), (2), and (3) may be waived during periods of national emergency declared by Congress or the President, or upon a determination made by the President, on a nondelegable basis, that a specific purchase or purchase commitment must be promptly made to avert an industrial resource or a critical technology shortfall that would severely impair national defense capability."; and

(2) Section 303(b) of such Act is amended by striking "September 30, 1995" and inserting "a date that is not more than 10 years from the date such purchase, purchase commitment, or sale was initially made".

SEC. 112. SALES OR TRANSFERS OF EXCESS INDUSTRIAL RESOURCES.

Section 303(f) of the Defense Production Act of 1950 (50 U.S.C. App. 2093(f)) is amended to read as follows:

"(f) Industrial resources acquired pursuant to the provisions of this section which, in the judgment of the President, are in excess of the needs of programs under this Act, shall be sold for industrial use pursuant to other Government programs or transferred to the National Defense Stockpile established by the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.), when the President deems such action to be in the public interest. Sales or transfers made pursuant to this subsection shall be charged against or reimbursed from funds appropriated to such other Government programs or the National Defense Stockpile to which such resources were sold or transferred, at the current domestic market price for such industrial resources. For the purposes of subsection (c)(2), such sales or transfers shall be considered transactions entered into pursuant to the authority of subsection (a).".

SEC. 113. DEFENSE PRODUCTION ACT FUND.

(a) IN GENERAL.—Section 304 of the Defense Production Act of 1950 (50 U.S.C. App. 2094) is amended to read as follows:

"SEC. 304. DEFENSE PRODUCTION ACT FUND.

"(a) ESTABLISHMENT OF FUND.—There is established in the Treasury of the United States a separate fund to be known as the Defense Production Act Fund (hereinafter referred to as 'the Fund').

"(b) MONEYS IN FUND.—The following monies shall be credited to the Fund:

"(1) All monies appropriated hereafter for the Fund.

"(2) All monies received hereafter on transactions entered into pursuant to section 303.

"(3) All monies received hereafter under transfers made from the National Defense Stockpile Transaction Fund, pursuant to section 98h(c) of title 50, United States Code.

"(4) All monies received hereafter pursuant to section 204(h) of the Federal Property and Administrative Services Act of 1949 from the disposition of industrial plant equipment and production facilities no longer required for industrial base mobilization purposes.

"(c) USE OF FUND.—The Fund shall be available to carry out the provisions and purposes of title III, subject to the limitations set forth in this Act and in appropriations Acts.

"(d) DURATION OF FUND.—Monies in the Fund shall remain available until expended.

"(e) FUND BALANCE.—The Fund balance at the close of each fiscal year shall not exceed $250,000,000, excluding any monies appropriated to the Fund during that fiscal year. If at the close of any fiscal year the Fund balance exceeds such amount, the amount in excess of $250,000,000, excluding obligated funds appropriated to the Fund during that fiscal year, shall be paid into the general fund of the Treasury.

"(f) FUND MANAGER.—The Secretary of the Treasury shall designate a Fund manager. The duties of the Fund manager shall include—

"(1) determining the liability of the Fund in accordance with subsection (g);

"(2) certifying that the limitation contained in section 711(a)(4)(B) will not be exceeded by the additional obligation required by any agreement proposed under title III and providing authorization to enter into such agreement if such limitation is not exceeded; and

"(3) reporting to Congress each year regarding fund activities during the previous fiscal year.

"(g) LIABILITIES AGAINST FUND.—

"(1) IN GENERAL.—When any agreement hereafter entered into pursuant to title III imposes contingent liabilities upon the United States, such liability shall be considered an obligation against moneys in the Fund. The amount of such obligation shall be determined for each fiscal year in accordance with paragraph (2).

"(2) DETERMINATION OF LIABILITY.—For purposes of paragraph (1), the amount of obligations against the Fund shall be the greater of—

"(A) the aggregate outlays required by purchase or purchase commitment contracts, or financing agreements less the anticipated aggregate receipts from resale of materials purchased with moneys from the Fund and the anticipated receipts from the direct sale of materials by the producer to customers; or

"(B) one-third of the aggregate outlays required by purchase or purchase commitment contracts or financing agreements.

Anticipated receipts and anticipated reductions in purchase commitments shall be included under subparagraphs (A) and (B) only if a written plan for sale of materials has been developed, specifying probable customers, amount, time of the sales, and sales price.".

(b) CONFORMING AMENDMENTS.—Section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) is amended—

(1) in subsection (b)(2), by adding after subparagraph (E), the following new subparagraph:

"(F) Transfer to the Defense Production Act Fund established pursuant to section 304(a) of the Defense Production Act of 1950."; and

(2) by amending subsection (c) to read as follows:

"(c)(1) Except as provided in paragraph (2), all moneys received from the sale of materials being rotated under the provisions of section 6(a)(4) or disposed of under section 7 shall be covered into the Fund and shall be available only for the acquisition of replacement materials.

"(2) Moneys derived from sales of materials to the public pursuant to section 6(a)(5) shall continue to be transferred to the Defense Production Act Fund established pursuant to section 304(a) of the Defense Production Act of 1950, until the aggregate amount of such transfers equals $10,000,000 for any fiscal year.".

(c) CAPITALIZATION OF FUND.—There shall be transferred to the Defense Production Act Fund, established by subsection (a) of this section, the sum of $200,000,000 from the unobligated balance of the National Defense Stockpile Transaction Fund (50 U.S.C. 98h).

SEC. 114. ANNUAL REPORT ON IMPACT OF OFFSETS.

Section 309 of the Defense Production Act of 1950 (50 U.S.C. 2099) is amended—

(1) in subsection (a)—

(A) by striking "Not later" and inserting "(1) Not later";

(B) by striking the second sentence; and

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

"(2) The Department of Commerce shall—

"(A) prepare the report required by paragraph (1);

"(B) consult with the Secretary of Defense, the Secretary of the Treasury, the Secretary of State, and the United States Trade Representative in preparation of such report; and

"(C) function as the President's Executive Agent for carrying out the requirements of this section.";

(2) by amending subsection (b) to read as follows:

"(b) INTERAGENCY STUDIES AND RELATED DATA.—

"(1) Each report required under subsection (a) shall be based on appropriate interagency studies which identify the cumulative effects (indirect as well as direct) of offset agreements on—

"(A) the full range of domestic defense productive capability (with special attention to the firms serving as lower-tier subcontractors or suppliers); and

"(B) the domestic defense technology base as a consequence of the technology transfers associated with such offset agreements.

"(2) Data developed or compiled by any agency while conducting such interagency study or other independent study or analysis shall be made available to the Secretary of Commerce to facilitate the Secretary in executing his responsibilities with respect to trade offset and countertrade policy development.";

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

"(c) NOTICE OF OFFSET AGREEMENTS.—(1) If a United States firm enters into a contract for the sale of a weapon system or defense-related item to a foreign country or foreign firm and such contract is subject to an offset agreement exceeding $5,000,000 in value, such firm shall furnish an offset agreement to the official designated in the regulations promulgated to paragraph (2) information concerning such sale.

"(2) The information to be furnished shall be prescribed in regulations promulgated by the Secretary of Commerce. Such regulations shall provide protection from public disclosure for information which is reasonably designated as proprietary or business confidential by the firm submitting such information, unless public disclosure is subsequently specifically authorized by such firm.

"(d) CONTENTS OF REPORT.—

"(1) IN GENERAL.—Each report under subsection (a) shall include—

"(A) a net assessment of the elements of the industrial base and technology base covered by the report;

"(B) recommendations for appropriate remedial action under the authorities provided by this Act, or other law or regulations;

"(C) a summary of the findings and recommendations of any interagency studies conducted during the reporting period under subsection (c);

"(D) a summary of offset arrangements concluded during the reporting period for which information has been furnished pursuant to subsection (c); and

"(E) a summary and analysis of any bilateral and multilateral negotiations relating to use of offsets completed during the reporting period.

"(2) ALTERNATIVE FINDINGS.—Each report may include any alternative findings or recommendations offered by any departmental Secretary, agency head, or the United States Trade Representative to the Secretary of Commerce. Such alternative finding or recommendation may be included if the Secretary of Commerce has been furnished the independent study or analysis upon which such alternative finding or recommendation is based during the preparation of the report.

"(e) UTILIZATION OF ANNUAL REPORT IN NEGOTIATIONS.—The findings and recommendations of the reports required by subsection (a), and the various interagency reports and analyses providing the basis for such reports shall be considered by representatives of the United States during bilateral and multilateral negotiation to minimize the adverse effects of offsets.".

PART C—AMENDMENTS TO TITLE VII OF THE DEFENSE PRODUCTION ACT

SEC. 121. SMALL BUSINESS.

Section 701 of the Defense Production Act of 1950 (50 U.S.C. App. 2151) is amended to read as follows:

"SEC. 701. SMALL BUSINESS.

"(a) PARTICIPATION.—Small business concerns shall be given the maximum practicable opportunity to participate as contractors, and subcontractors at various tiers, in all programs to maintain and strengthen the Nation's industrial base and technology base undertaken pursuant to this Act.

"(b) ADMINISTRATION OF ACT.—In administering the programs, implementing regulations, policies, and procedures under this Act, requests, applications, or appeals from small business concerns shall, to the maximum extent practicable, be expeditiously handled.

"(c) ALLOCATIONS UNDER SECTION 101.—Whenever the President invokes the power to allocate any materials pursuant to section 101 of this Act, small business concerns shall be accorded, so far as practicable, a fair share of such materials, in proportion to the share received by such business concerns under normal conditions, giving such special consideration as may be possible to new small business concerns or individual firms facing undue hardship.".

SEC. 122. DEFINITIONS.

Section 702 of the Defense Production Act of 1950 (50 U.S.C. App. 2152) is amended to read as follows:

"SEC. 702. DEFINITIONS

"As used in this Act—

"(1) CRITICAL COMPONENT.—The term 'critical component' shall include components, subsystems, systems, and related special tooling and test equipment essential to the production, repair, maintenance, or operation of weapon systems or other military equipment assigned a priority designation by the Secretary of Defense.

"(2) CRITICAL TECHNOLOGY.—The term 'critical technology' shall include a technology that is included in one or more of the plans submitted pursuant to section 2368 of title 10, United States Code, unless subsequently deleted, or such other emerging or dual use technology as may be designated by the President. A list of critical or emerging technologies shall be maintained and periodically published in the Federal Register and printed in the Code of Federal Regulations.

"(3) DEFENSE CONTRACTOR.—The term 'defense contractor' means any person who enters into a contract with the United States to furnish materials, industrial resources, or a critical technology, or to perform services for the national defense.

"(4) DOMESTIC SOURCE.—The term 'domestic source' means a business entity that performs substantially all of the research and development, engineering, manufacturing, and production activities required of such firm as a defense contractor in the United States or Canada.

"(5) FACILITIES.—The term 'facilities' shall include all types of buildings, structures, or other improvements to real property (but excluding farms, churches or other places of worship, and private dwelling houses), and services relating to the use thereof.

"(6) INDUSTRIAL RESOURCES.—The term 'industrial resources' means materials, services, processes, or manufacturing equipment (including the processes, technologies, and ancillary services for the use of such equipment) needed to establish or maintain an efficient and modern national defense industrial capacity.

"(7) MATERIALS.—The term 'materials' shall include raw materials (including minerals, metals, and advanced processed materials), commodities, articles, components (including critical components), products, items of supply, and such technical information or services ancillary to the use thereof.

"(8) NATIONAL DEFENSE.—The term 'national defense' means programs for military and energy production or construction, military assistance to any foreign nation, stockpiling, space, and directly related activity.

"(9) NONDOMESTIC SOURCE.—The term 'nondomestic source' means a business entity other than a 'domestic source'.

"(10) PERSON.—The term 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative thereof.

"(11) SERVICES.—The term 'services' includes any effort that is needed or incidental to—

"(A) the development, production, processing, distribution, delivery, or use of an industrial resource or a critical technology, or

"(B) the construction of facilities.".

SEC. 123. DELEGATION OF AUTHORITY; APPOINTMENT OF PERSONNEL.

Section 703 of the Defense Production Act of 1950 (50 U.S.C. App. 2153) is amended to read as follows:

"SEC. 703. DELEGATION AND CIVILIAN PERSONNEL.

"(a) DELEGATION OF AUTHORITY.—Except as otherwise specifically provided, the President may—

"(1) delegate any power or authority conferred upon him by this Act to any officer or agency of the Government;

"(2) authorize such redelegation by that officer or agency head as the President may deem appropriate; and

"(3) establish such new agencies as may be necessary to manage Federal emergency preparedness programs.

"(b) CIVILIAN PERSONNEL.—Any officer or agency head may appoint civilian personnel without regard to section 531(b) of title 5, United States Code, and without regard to the provisions of such title governing appointments in the competitive service, and may fix the rate of basic pay for such personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that no individual so appointed may receive pay in excess of the annual rate of basic pay payable for GS-18 of the General Schedule, as the President deems appropriate to carry out the provisions of this Act.".

SEC. 124. RULES, REGULATIONS, AND ORDERS.

Section 704 of the Defense Production Act of 1950 (50 U.S.C. App. 2154) is amended to read as follows:

"SEC. 704. RULES, REGULATIONS, AND ORDERS.

"The President may make such rules, regulations, and orders as he deems appropriate to carry out the provisions of this Act. This authority shall be exercised in conformity with section 709 of this Act.".

SEC. 125. ANTITRUST PROTECTIONS FOR SANCTIONED INDUSTRY CONSORTIA.

Section 708 of the Defense Production Act of 1950 (50 U.S.C. App. 2158) is amended to read as follows:

"SEC. 708. SANCTIONED INDUSTRY CONSORTIA.

"(a) ANTITRUST PROTECTION.—The President may authorize the establishment of sanctioned industry consortia, in accordance with subsection (e), to provide industrial resources or critical technologies found to be essential for the preservation or enhancement of the industrial or technology base of the United States supporting the national defense. Except as provided in subsection (j) of this section, no criminal or civil action may be brought under the antitrust laws against any participant in a sanctioned industry consortium for activities conducted in establishing such a consortium or in undertaking a plan of action within the scope of the charter of the sanctioned consortium.

"(b) DEFINITIONS.—As used in this section—

"(1) The term 'antitrust laws' means—

"(A) the Act entitled 'An Act to protect trade and commerce against unlawful restraints and monopolies and for other purposes', approved July 2, 1890, commonly referred to as the 'Sherman Act' (15 U.S.C. 1 et seq.);

"(B) the Act entitled 'An Act to supplement existing laws against unlawful restraints and monopolies and for other purposes', approved October 15, 1914, commonly referred to as the 'Clayton Act' (15 U.S.C. 12 et seq.);

"(C) the Federal Trade Commission Act (15 U.S.C. 41 et seq.);

"(D) sections 73 and 74 of the Act entitled 'An Act to reduce taxation, to provide revenue for the Government, and for other purposes', approved August 27, 1894, commonly referred to as the 'Wilson Tariff Act' (15 U.S.C. 8 and 9);

"(E) the Act of June 19, 1936, chapter 592 (15 U.S.C. 13, 13a, 13b, and 21a);

"(F) the Act entitled 'An Act to promote export trade and for other purposes', approved April 10, 1918, commonly referred to as the 'Webb-Pomerene Act' (15 U.S.C. 61-65); and

"(G) similar laws enacted by the several States.

"(2) The term 'flexible manufacturing network' means a specified program relating to the joint development, engineering, production, and marketing of one or more products by the network's participants for their common benefit, including—

"(A) the coordination of the individual engineering, purchasing, manufacturing, quality assurance, inventory control, and other activities by the participants to attain the network's specified program objectives, or the joint undertaking of such activities by two or more of the network's participants;

"(B) the collection and sharing of information among the network's participants relating to manufacturing capacity, production costs, distribution capabilities, and potential markets for the specified products being produced by such network; and

"(C) the collection and sharing of such other technical or business information as may be reasonably required to undertake the network's specified program.

"(3) The term 'plan of action' means any of one or more documented methods adopted by participants in a sanctioned industry consortium (or voluntary agreement) to implement the purposes and objectives of such consortium or agreement.

"(4) The term 'sanctioned industry consortium' means an arrangement among two or more entities for the purpose of jointly undertaking a specific program of basic research, research and development, production, marketing, any specified combination of the foregoing activities, or a flexible manufacturing network relating to industrial resources or critical technologies found to be essential to the preservation or enhancement of the industrial or technology base of the United States supporting the national defense. Such participating entities may include for-profit business concerns, not-for-profit entities, and educational institutions. The term also includes a voluntary agreement described in paragraph (5).

"(5) The term 'voluntary agreement' means an agreement approved by the President, which—

"(A) results from consultation by the President with representatives of industry, business, financing, agriculture, labor, and other interests,

"(B) is to provide for defense of the United States through the development of preparedness programs and the expansion of productive capacity and supply, and

"(C) is a result of a finding by the President that conditions exist which pose a direct threat to national security and preparedness programs.

"(c) DELEGATION OF PRESIDENTIAL AUTHORITY.—The authority granted to the President in this section may be delegated to one or more individuals whose appointments shall be subject to the advice and consent of the Senate.

"(d) FORMATION OF SANCTIONED INDUSTRY CONSORTIUM.—(1) Persons in the private sector interested in forming a sanctioned industry consortium may make application in a form and containing such information as required by regulations promulgated pursuant to subsection (h).

"(2) Promptly after an application is received, a notice shall be published in the Federal Register announcing that an application for the establishment of a sanctioned industry consortium has been submitted, identifying each participating entity, and describing the activities to be undertaken by such consortium.

"(3) Not later than 7 days after an application has been submitted, a copy of the application shall be transmitted to the Attorney General and the Chairman of the Federal Trade Commission, accompanied by any supporting information submitted with the application, and any other information necessary to make a determination as to whether the proposed consortium should be sanctioned and established.

"(e) CRITERIA FOR SANCTIONING CONSORTIUM.—(1) A proposed industry consortium shall be sanctioned if it is determined that such industry consortium—

"(A) will provide at least one domestic source for industrial resources or critical technologies that will substantially enhance the capability of the industrial and technology base to support national defense requirements,

"(B) includes participants that are reasonably representative of the overall industry,

"(C) will not constitute unfair competition or a substantial restraint of trade with respect to other persons within the United States who may be sources of the same industrial resources or critical technology, and

"(D) will not unreasonably enhance, stabilize, or depress prices for the industrial resources or critical technologies that are the subject matter of such consortium's proposed activities.

"(2) Such application for the establishment of a sanctioned industry consortium shall be reviewed by the Attorney General, the Chairman of the Federal Trade Commission, and such other officers of the Executive as may be designated by the President in accordance with the requirements of paragraph (1) and such other evaluation criteria as may be specified in the regulations promulgated pursuant to subsection (h).

"(3) Not later than 90 days after the receipt of an application and not earlier than 30 days after the publication of the notice required by subsection (d)(2), such application shall be approved or disapproved. The reasons for disapproval shall be specified in writing.

"(4) Approval of an application shall be evidenced by the issuance of a charter which shall specify any special terms, conditions, or limitations which are deemed necessary by the President, the Attorney General, or the Chairman of the Federal Trade Commission to assure compliance with the standards of paragraph (1) or such addition-

al requirements as may be specified in the regulations promulgated pursuant to subsection (h).

"(5) Upon approval of a sanctioned industry consortium a Government employee shall be assigned as a principal liaison to such consortium pursuant to the regulations described in subsection (h).

"(f) CONSORTIUM ADVISORY COUNCIL.—A sanctioned industry consortium is authorized to organize an advisory council, specifying the membership, functions, and operating procedures of such council in its application.

"(g) CHARTER.—(1) MODIFICATION.—The charter of a sanctioned industry consortium may be modified during its term. A request for a modification initiated by the consortium shall be considered and approved in the same manner as an original charter application. A charter modification, directed by the President, shall be implemented within 30 days of the receipt of a notice of such a Presidential direction (unless extended by the President), or the consortium shall lose its protections under subsection (a).

"(2) TERMINATION.—A sanctioned industry consortium may be terminated by the President upon a finding that the industry consortium is no longer conducting its activities in conformity with this section, the regulations promulgated pursuant to subsection (h), or the terms of the consortium's charter. Such notice shall specify the reasons for the determination to terminate the consortium, and afford the consortium at least 30 days to respond, in accordance with appeal procedures specified in the regulations promulgated pursuant to subsection (h).

"(h) REGULATIONS.—(1) The President shall promulgate regulations to implement this section. The preparation of such regulations, and modifications thereto, shall include the participation of the Attorney General, the Chairman of the Federal Trade Commission, and such other officers of the Executive as the President may deem appropriate.

"(2) In addition to regulations required by this section and such matters as the President deems appropriate for the effective administration of the program, the regulations required by paragraph (1) shall address the following matters:

"(A) In order to be accorded protections under subsection (a), affected persons shall furnish to the Attorney General and the Chairman of the Federal Trade Commission—

"(i) notice at least 10 days prior to initiating discussions among the prospective participants,

"(ii) notice of and the opportunity for representatives of the Attorney General and the Chairman of the Federal Trade Commission to participate in all meetings, and

"(iii) a transcript of the proceedings of each such meeting.

"(B) Opportunity shall be provided for designated Government representatives to attend any meeting sponsored by such consortium.

"(C) Opportunity for public participation in such consortium meetings shall be provided, unless the matters to be discussed at such meetings fall within a category described in paragraphs (1), (3), or (4) of section 552(b) of title 5, United States Code.

"(D) Access shall be provided for inspecting and copying, at reasonable times and upon reasonable notice, the records of the sanctioned industry consortium by representatives of the Attorney General, the Chairman of the Federal Trade Commission, and the individual designated as the Government's principal liaison to such sanctioned industry consortium.

"(E) Public access shall be provided to the Government's records relating to the establishment or conduct of a sanctioned industry consortium, subject to the limitations of paragraphs (1), (3), and (4) of section 552(b) of title 5, United States Code.

"(i) EXEMPTION FROM FEDERAL ADVISORY COMMITTEE ACT.—The activities of a sanctioned industry consortium (including any advisory council established by such consortium) are exempt from the provisions of the Federal Advisory Committee Act (5 U.S.C. App.), and the regulations promulgated thereunder, if such activities are conducted in compliance with this section, the regulations promulgated pursuant to subsection (h), and the terms of the consortium's charter.

"(j) REMEDIES.—(1) Any person who has been injured with respect to any act or omission committed in connection with the organization or operation of a sanctioned industry consortium may bring a civil action for injunctive relief or for breach of contract if—

"(A) such act or omission occurred—

"(i) in the course of organizing a sanctioned industry consortium pursuant to subsection (d), or

"(ii) while undertaking the sanctioned activities of the consortium pursuant to its charter, and

"(B) the person committing such act or omission failed to comply with the scope and limitations of its charter, the requirements of this section, or the regulations promulgated pursuant to subsection (h).

"(2) A person injured as a result of an act or omission described in paragraph (1) may be awarded—

"(A) actual damages, including interest on such damages, and

"(B) in the case of any successful action to enforce liability under this section, the costs of such action together with reasonable attorney's fees.

"(3) Any action commenced under this subsection shall proceed as if it were an action commenced under section 4 or section 16 of the Clayton Act, except that the standards applicable to the sanctioned industry consortium shall be the requirements of this section, the regulations promulgated pursuant to subsection (h) and the charter of such consortium. The remedies provided in this subsection shall be the exclusive remedies available to a plaintiff.

"(4) Any action under paragraph (1) shall be brought within 2 years of the discovery of the facts indicating that the sanctioned industry consortium has failed to comply with the requirements of this section, the regulations promulgated pursuant to subsection (h), or the charter of such consortium, but not later than 4 years from the date the cause of action arises.

"(5) In any action brought under paragraph (1), there shall be a presumption that the activities of a sanctioned industry consortium which are within the scope and limitations of its charter comply with the requirements of this section.

"(6) In any action brought under paragraph (1), if the court finds that the challenged conduct was undertaken by the sanctioned industry consortium within the scope and limitations of its charter, the requirements of this section, and the regulations promulgated pursuant to subsection (h), the court may award to the person against whom the claim is brought the cost of defending such claim (including reasonable attorney's fees).".

SEC 126. EXEMPTION FROM ADMINISTRATIVE PROCEDURE ACT.

Section 709 of the Defense Production Act of 1950 (50 U.S.C. App. 2159) is amended to read as follows:

"SEC. 709. EXEMPTION FROM ADMINISTRATIVE PROCEDURE ACT.

"Any rule, regulation, order, or amendment thereto promulgated under the authority of this Act shall not be subject to the requirements of sections 551 through 559 of title 5, United States Code. Each proposed rule or regulation, and each amendment thereto, shall be published for public comment in the Federal Register in conformity with the requirements of section 22 of the Office of Federal Procurement Policy Act (41 U.S.C. 418b) and chapter 6 of title 5, United States Code.".

SEC 127. AUTHORITY TO REVIEW CERTAIN MERGERS, ACQUISITIONS AND TAKEOVERS.

Section 721 of the Defense Production Act of 1950 (50 U.S.C. App. 2170) is amended by striking subsection (d)(1) and inserting the following:

"(1) there is evidence that leads the President to believe that completion of the foreign merger, acquisition, or takeover may threaten to impair the national security, and".

PART D—TECHNICAL AMENDMENTS

SEC. 131. PRIORITIES IN CONTRACTS AND ORDERS.

Section 101 of the Defense Production Act of 1950 (50 U.S.C. App. 2071) is amended—

(a) in subsection (a)(2) by striking "allocate materials and facilities" and inserting "materials, services, and facilities";

(b) in subsection (c)(1) by striking "supplies of materials and equipment" and inserting "materials, equipment, and services";

(c) by striking paragraphs (2) and (3) and inserting the following new paragraph:

"(2) The authority granted by this subsection may not be used to require priority performance of contracts or orders, or to control the distribution of any supplies of materials, services, and facilities in the marketplace, unless the President submits to the Congress a finding that—

"(A) such materials, services, and facilities are scarce, critical, and essential—

"(i) to maintain or expand exploration, production, refining, transportation,

"(ii) to conserve energy supplies; or

"(iii) to construct or maintain energy facilities; and

"(B) maintenance or expansion of exploration, production, refining, transportation, or conservation of energy supplies or the construction and maintenance of energy facilities cannot reasonably be accomplished without exercising the authority specified in paragraph (1) of this subsection."; and

(b) by redesignating paragraph (4) as paragraph (3).

SEC. 132. LOAN GUARANTEES.

Section 301(e)(2)(B) of the Defense Production Act of 1950 (50 U.S.C. App. 2091(e)(2)(B)) is amended by striking "and to the Committees on Banking and Currency of the respective Houses" and inserting "and to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives".

SEC. 133. INVESTIGATIONS; RECORDS; REPORTS; SUBPOENAS.

Section 705 of the Defense Production Act of 1950 (50 U.S.C. App. 2155) is amended—

(1) in subsection (a), by striking "subpena" and inserting "subpoena";

(2) by redesignating subsections (c), (d), (e), and (f) as subsections (b), (c), (d), and (e), respectively;

(3) in subsection (c) (as redesignated by paragraph (2)), by striking "$1,000" and inserting "$10,000"; and

(4) in subsection (d) (as redesignated by paragraph (2)), by striking all after the first sentence.

SEC. 134. EMPLOYMENT OF PERSONNEL.

Section 710 of the Defense Production Act of 1950 (50 U.S.C. App. 2160) is amended—

(1) in subsection (b), by striking paragraph (6), and inserting the following:

"(6)(A) The departmental Secretary or an agency head making the appointment shall publish a notice in the Federal Register including the name of the appointee, the employing department or agency, the title of the position to which such individual is being appointed, the name of such individual's employer when selected for appointment, and a statement that the individual has made a filing in accordance with subparagraph (B) which is available for inspection.

"(B) Each individual selected for appointment under the authority of this subsection shall furnish to the departmental Secretary or agency head making the appointment—

"(i) a list of the names of each corporation, partnership, or other business in which such individual has an interest, and

"(ii) a list of any financial interest such individual had during the 60-day period preceding such appointment, including any office or directorship held in a corporation.

"(C) Each individual shall submit the information described in subparagraph (B) annually on the anniversary of such individual's appointment.";

(2) in paragraph (7) of subsection (b)—

(A) by striking "Chairman of the United States Civil Service Commission" and inserting "the Director of the Office of Personnel Management";

(B) by striking "Joint Committee on Defense Production"; and

(3) in paragraph (8) of subsection (b), by striking "transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes and regular places of business pursuant to such appointment" and inserting "reimbursement for travel, subsistence, and other necessary expenses incurred by them in carrying out the functions for which they were appointed in the same manner as persons employed intermittently in the Federal Government are allowed expenses under section 5703 of title 5, United States Code".

SEC. 135. AUTHORIZATION OF APPROPRIATIONS.

Section 711(a)(1) of the Defense Production Act of 1950 (50 U.S.C. App. 2161) is amended by striking "Bureau of the Budget" and inserting "Office of Management and Budget".

PART E—REPEALERS AND CONFORMING AMENDMENTS

SEC. 141. SYNTHETIC FUEL ACTION.

Section 307 of the Defense Production Act of 1950 (50 U.S.C. App. 2097) is repealed.

SEC. 142. VOLUNTARY AGREEMENTS AND PLANS OF ACTION FOR INTERNATIONAL AGREEMENTS FOR INTERNATIONAL ALLOCATION OF PETROLEUM PRODUCTS AND RELATED INFORMATION SYSTEMS.

Section 708A of the Defense Production Act of 1950 (50 U.S.C. App. 2158a) is repealed.

SEC. 143. AUTHORIZATION OF APPROPRIATIONS.

Section 711 of the Defense Production Act of 1950 (50 U.S.C. App. 2161) is amended—

(1) by striking subsection (b),

(2) by striking "(a)(1) Except as provided in paragraph (2) and paragraph (4)" and inserting "(a) Except as provided in subsection (c),

(3) by striking in subsection (a) in the parenthetical "and for the payment of interest under subsection (b) of this section", and

(4) by striking paragraph (2) and redesignating paragraph (3) as subsection (b), and

(5) by striking subparagraph (B) of paragraph (4) and redesignating paragraph (4)(A) as subsection (c).

SEC. 144. JOINT COMMITTEE ON DEFENSE PRODUCTION.

Section 712 of the Defense Production Act of 1950 (50 U.S.C. App. 2162) is repealed.

SEC. 145. PERSONS DISQUALIFIED FOR EMPLOYMENT.

Section 716 of the Defense Production Act of 1950 (50 U.S.C. App. 2165) is repealed.

SEC. 146. FEASIBILITY STUDY ON UNIFORM COST ACCOUNTING STANDARDS; REPORT SUBMITTED.

Section 718 of the Defense Production Act of 1950 (50 U.S.C. App. 2167) is repealed.

SEC. 147. NATIONAL COMMISSION ON SUPPLIES AND SHORTAGES.

Section 720 of the Defense Production Act of 1950 (50 U.S.C. App. 2169) is repealed.

PART F—REAUTHORIZATION OF SELECTED PROVISIONS

SEC. 151. AUTHORIZATION OF APPROPRIATIONS.

Section 711(c) of the Defense Production Act of 1950 (as amended by section 143 of this Act) is amended to read as follows:

"(c) There is authorized to be appropriated for fiscal years 1990, 1991, 1992, and 1993 not to exceed $250,000,000 to carry out the provisions of sections 301, 302, and 303 of this Act.".

SEC. 152. SUNSET.

Section 717 of the Defense Production Act of 1950 (50 U.S.C. App. 2166) is amended to read as follows:

"SEC. 717. SUNSET.

"(a)(1) Sections 101, 102, 103, 105, and 106 of this Act, and all authority conferred thereunder, shall terminate at the close of September 30, 1993.

"(2) Sections 301, 302, 303, 304 of this Act, and all authority conferred thereunder, shall terminate at the close of September 30, 1993.

"(3) Sections 701, 702, 703, 704, 705, 706, 707, 708, and 711 of this Act, and all authority conferred thereunder shall terminate at the close of September 30, 1993.

"(4) Section 104 of title II, and title VI of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, 1953.

"(5) Title IV and title V of this Act, and all authority conferred thereunder, shall terminate at the close of April 30, 1953.

"(6) Except as otherwise provided, all other provisions of this Act, and all authority conferred thereunder, shall remain in effect.

"(b) The termination of any section of this Act, or any agency or corporation utilized under this Act shall not affect the disbursement of funds under, or the carrying out of, any contract, guarantee, commitment or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act, or the taking of any action (including the making of new guarantees) determined by a guaranteeing agency to be necessary to accomplish the orderly liquidation, adjustment or settlement of any loans guaranteed under this Act, including actions considered necessary to avoid undue hardship to borrowers in reconverting to normal civilian production; and all of the authority granted to the President, guaranteeing agencies, and fiscal agents under section 301 of this Act shall be applicable to actions taken pursuant to the authority contained in this subsection.".

TITLE II—ADDITIONAL PROVISIONS TO IMPROVE INDUSTRIAL PREPAREDNESS

PART A—INDUSTRIAL CAPABILITY AND NATIONAL SECURITY

SEC. 201. INDUSTRIAL CAPABILITIES COMMITTEE.

(a) ESTABLISHMENT.—The President shall promptly establish, through the issuance of an executive order or such other means as may be appropriate, an Industrial Capabilities Committee or other appropriate forum, to exercise the responsibilities described in subsection (b).

(b) RESPONSIBILITIES.—The forum established pursuant to subsection (a) shall exercise the following responsibilities, in addition to such others as the President may assign,:

(1) Analyze, on an ongoing basis, the demands to be placed upon industry by the national defense plans and industry's capabilities to fulfill those expectations in peacetime as well as in time of war or national emergency.

(2) Review major Government policies and their impact on the defense industrial and technology base.

(3) Develop a process for periodic industry-wide assessment of technological advancement and production capabilities in relation to national security objectives.

(4) Review existing industrial policy objectives, laws, and regulations, and recommend to the President modifications that foster industrial innovation, modernization, and productivity.

(5) Develop proposals for selectively expanding national defense production to respond to graduated levels of mobilization.

SEC. 202. INTEGRATION OF NATIONAL SECURITY POLICY AND NATIONAL ECONOMIC POLICY.

It is the sense of the Congress that—

(1) the national security of the United States would benefit from greater integration of national economic policies (including tax and trade) and national security policies; and

(2) such objective would be fostered by—

(A) designating the Secretary of Defense as a member of the Economic Policy Council, and

(B) establishing a Defense Working Group within the President's Economic Policy Council.

SEC. 203. ASSESSING INDUSTRIAL RESPONSIVENESS CAPABILITIES.

It is the sense of the Congress that, from time to time, the President should conduct of one or more exercises to assess the capability of the defense industry's capability to respond to increased demands for defense

material and services under various graduated mobilization response conditions.

PART B—ENCOURAGING IMPROVEMENT OF THE DEFENSE INDUSTRIAL BASE

SEC. 211. ENCOURAGEMENT OF INVESTMENT IN ADVANCED MANUFACTURING TECHNOLOGY AND PROCESSES.

The President, acting through the Administrator for Federal Procurement Policy, shall prescribe an acquisition policy that encourages contractors to invest in advanced manufacturing technology, advanced production equipment, and advanced manufacturing processes. Such policy shall provide for—

(1) an increased allowance for profit under a contract if the contractor, a subcontractor, or a supplier invests in any such advanced technology, equipment, or process in connection with the performance of such contract; and

(2) assignment of increased weight to source selection criteria relating to the efficiency of production.

SEC. 212. RECOGNITION OF MODERNIZED PRODUCTION SYSTEMS AND EQUIPMENT IN CONTRACT AWARD AND ADMINISTRATION.

(a) IN GENERAL.—The President, acting through the Administrator for Federal Procurement Policy, shall prescribe an acquisition policy requiring, to the maximum extent practicable, that the acquisition plan for any major system acquisition, or any other acquisition program designated by the Secretary or agency head responsible for such acquisition, provide for contract solicitation provisions which encourage competing offerors to acquire for utilization in the performance of the contract modern industrial facilities and production systems (including hardware and software), and other modern production equipment, that increase the productivity of the offerors and reduce the costs of production.

(b) AUTHORIZED SOLICITATION PROVISIONS.—Contract solicitation provisions referred to in subsection (a) may include any of the following provisions:

(1) An evaluation advantage in making the contract award determination.

(2) An increase of not more than 10 percent in the amount which would otherwise be reimbursable to a contractor as the Government's share of costs incurred for the acquisition of production special tooling, production special test equipment, and production special systems (including hardware and software) for use in the performance of the contract.

(3) A provision for the contractor to share in any demonstrated cost savings that are attributable to increased productivity resulting from the following contractor actions not required by the contract—

(A) the acquisition and utilization of modern industrial facilities and production systems (including hardware and software), and other modern production equipment, for the performance of the contract; or

(B) the utilization of other manufacturing technology improvements in the performance of the contract.

SEC. 213. SUPPORT FOR THE DEVELOPMENT AND APPLICATION OF CRITICAL TECHNOLOGIES.

The President, acting through the Administrator for Federal Procurement Policy, shall prescribe an acquisition policy authorizing a departmental secretary or agency head to restrict to domestic sources the competition for all or a portion of a contract opportunity to fulfill the requirements for materials, components, or items of supply that are the products of, or are manufactured through the application of a critical technology as defined in section 702 of the Defense Production Act of 1950 (50 U.S.C. App. 2152). Each procurement restricted pursuant to this subsection shall be justified on a case-by-case basis. Such procurements shall represent not more than the minimum aggregate quantity necessary to sustain at least one domestic source determined to be essential to national security.

SEC. 214. PROCUREMENT OF CRITICAL ITEMS OF SUPPLY.

(a) MAINTAINING DOMESTIC SOURCES.—The President, acting through the Administrator for Federal Procurement Policy, shall prescribe an acquisition policy authorizing a departmental secretary or an agency head to make a noncompetitive contract award pursuant to the authority provided in section 2304(c)(3)(A) of title 10, United States Code, or section 303(c)(3)(A) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(b)(3)(A)), as appropriate, for the procurement of any critical item of supply from a domestic source in order to maintain at least one domestic source determined to be essential to national security. The requirements of section 2304(f) of title 10, United States Code, or section 303(f) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(f)) shall apply to a contract awarded pursuant to this subsection.

(b) SUBCONTRACTING.—The President, acting through the Administrator for Federal Procurement Policy, shall prescribe an acquisition policy requiring that the solicitation for the procurement of any major system, or such other procurements as may be specified in accordance with such acquisition policy, shall—

(1) specify the minimum percentage of the total estimated value of the contract that is to be performed by one or more domestic firms;

(2) provide for the attainment of such requirement by the firm as prime contractor, or by subcontractors pursuant to a subcontracting plan submitted with the firm's offer;

(3) specify that a source selection factor relating to the requirement specified in subparagraph (A) shall accord—

(A) such source selection factor a value not to exceed 10 percent of the total evaluation points for all source selection factors specified in the solicitation; and

(B) such evaluation points in proportion to the extent to which each offer meets or exceeds the specified percentage;

(4) provide that attainment of the percentage specified in the offer of the firm receiving the award shall be a material element of contractual performance; and

(5) require the contractor to—

(A) identify, at the conclusion of contract performance, each subcontractor whose performance is to be counted towards attainment of the contractual requirement specified pursuant to paragraph (1); and

(B) provide prompt notice to the contracting officer after replacing any such subcontractor.

(c) CRITICAL ITEMS OF SUPPLY.—The President, acting through the Secretary of Defense, shall—

(1) determine, for the purposes of this section, the items of supply that are critical items; and

(2) publish a list of such critical items in the Federal Acquisition Regulation.

PART C—UNFAIR FOREIGN COMPETITION

SEC. 221. EVALUATION OF OFFERS FROM SOURCES OTHER THAN DOMESTIC SOURCES.

(a) IN GENERAL.—The President, acting through the Administrator for Federal Procurement Policy, shall prescribe an acquisition policy for evaluating contract offers received from nondomestic sources with respect to a price advantage such nondomestic source may have over a domestic source as a result of any unfair advantage. The policy shall provide for the application of price evaluation factors to the offers of such nondomestic sources when necessary to counter any such unfair advantage.

(b) DEFINITION.—As used in this section, the term 'unfair advantage' means—

(1) direct or indirect subsidization of a nondomestic source by a foreign government or other foreign entity; or

(2) exemption of a nondomestic source from the application of a statute, regulation, or executive order of the United States relating to environmental protection, fair labor standards, or subcontracting participation by small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals and members of other designated groups, applicable to domestic sources.

SEC. 222. DISCOURAGING UNFAIR TRADE PRACTICES.

(a) SUSPENSION OR DEBARMENT AUTHORIZED.—A finding that a contractor has engaged in an unfair trade practice, as defined in subsection (b), shall indicate a lack of business integrity or business honesty that seriously and directly affects the responsibility of the contractor to perform any contract awarded by the Federal Government or perform a subcontract under such a contract. Such contractor shall be subject to suspension and debarment in accordance with subpart 9.4 of title 48, Code of Federal Regulations (or any successor regulation).

(b) DEFINITIONS.—For purposes of this section, the term "unfair trade practice" means the commission of any of the following acts by a contractor:

(1) An unfair trade practice, as determined by the International Trade Commission.

(2) A violation of any agreement of the Coordinating Committee on Export Controls or any similar bilateral export control agreement, as determined by the Secretary of Commerce.

(3) A false certification concerning the foreign content of an item of supply, as determined by the Secretary of the department or the head of the agency to which such certificate was furnished.

TITLE III—AMENDMENTS TO RELATED LAWS

SEC. 301. PROCEEDS FROM SALE OF EXCESS INDUSTRIAL PLANT EQUIPMENT AND FACILITIES.

Section 204 of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 485) is amended—

(1) by amending subsection (a) to read as follows:

"(a) DISPOSITION OF RECEIPTS.—All proceeds under this subchapter from any transfer of excess property to a Federal agency for its use, or from any sale, lease, or other disposition of surplus property shall be covered into the Treasury as miscellaneous receipts, except as provided in subsections (b), (c), (d), (e), and (h) of this section."; and

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

"(h) CREDIT TO DEFENSE PRODUCTION ACT FUND ON CERTAIN TRANSACTIONS.—Where the property transferred or disposed of was industrial plant equipment or production facilities determined by the Secretary of Defense to be no longer required for mobilization of the defense industrial base, the costs of disposal or transfer of such equipment or facilities may be paid from the proceeds of such disposition or transfer and the net proceeds of the disposition or transfer shall be covered into the Defense Production Act Fund, established pursuant to section 304 of the Defense Production Act of 1950 (50 U.S.C. App. 2094).".

SEC. 302. STOCKPILING OF CRITICAL COMPONENTS.

Section 12(1) of the "Strategic and Critical Materials Stock Piling Act" (50 U.S.C. 98h-3(1)) is amended to read as follows:

"(1) The term 'strategic and critical materials' means—

"(A) materials that (i) would be needed to supply the military, industrial, and essential civilian needs of the United States during a national emergency, and (ii) are not found or produced in the United States in sufficient quantities to meet such needs, and

"(B) components of major weapon systems, or other items of military equipment, essential to the production, repair, maintenance, or operation of such systems or equipment, which the Secretary of Defense determines are not produced in the United States or Canada in sufficient quantities to meet defense mobilization needs, and must be stockpiled in order to most effectively meet such mobilization needs.".

TITLE IV—EFFECTIVE DATES

SEC. 401. EFFECTIVE DATES.

(a) Except as provided in subsection (b), the provisions of this Act shall take effect on September 30, 1989.

(b) The acquisition policies required by sections 214 and 221 of the Act shall be promulgated within 180 days. Such policies shall apply to solicitations issued 60 days after the promulgation of procurement regulations implementing such acquisition policies.

S. 1379, THE DEFENSE PRODUCTION ACT AMENDMENTS OF 1989 SECTION-BY-SECTION ANALYSIS

Section 1. Short Title:

This section establishes the bill's citation as the "Defense Production Act Amendments of 1989".

Section 2. Congressional Findings:

This section enunciates a series of Congressional findings relating to the Defense Production Act of 1950. The first Congressional finding recognizes that the authorities provided by the Defense Production Act are useful in preserving and enhancing the defense industrial and technology base during peacetime, and for mobilizing the Nation's productive capacity to meet national emergencies. The second Congressional finding identifies needed improvements to the Act which will enhance its usefulness to attain its two basic objectives.

Section 3. Table of Contents.

This section lists the titles of the bill's provisions in the format of a table of contents.

TITLE I—AMENDMENTS TO THE DEFENSE PRODUCTION ACT OF 1950

Part A—Declaration of policy

Section 101. Declaration of Policy:

This section enunciates a declaration of Congressional policy regarding the purposes of the Defense Production Act of 1950, as amended.

Part B—Amendments to title III of the Defense Production Act

Section 111. Expanding the Reach of Existing Authorities under Title III:

Subsection (a) of this section would extend the Act's current loan guarantee authority (provided under Section 301) to a broader class of industrial resources, and to critical technologies, to maintain a strong defense industrial and technology base. To increase the Act's utility to more promptly address industrial base problems as they are identified, the proposed amendments increase from $25 million to $50 million to the threshold at which an otherwise eligible project must obtain specific Congressional authorization prior to being eligible for funding under the Act. In addition, the subsection provides to the President the authority to fund an otherwise eligible project in excess of the Act's authorization threshold, if a determination is made that such action is promptly required to avert an industrial resource shortfall that would severely impair national defense capability. To circumscribe this waiver authority, the provision requires that the President exercise this authority personally.

Subsection (b) makes corresponding changes to the loan authority currently provided by Section 302 of the Act.

Subsection (c) makes corresponding changes to the purchase and purchase commitment authorities currently provided by Section 303 of the Act. In addition, the amendment reenacts the current text of Section 303(a) to permit the correction of numbering problems and to modernize the subsection's language. Without the amendment, two different provisions are designated as Section 303(a)(1). This subsection also extends the completion date for projects entered into under the current authority of Section 303 of the Act from a fixed date to a date that does not exceed ten years from the date such authority was initially exercised.

Section 112. Sales or Transfers of Excess Industrial Resources:

This section encourages the timely disposal of excess industrial resources no longer needed for defense preparedness. It authorizes the disposal of these excess resources by transfer to other Government programs or by sale to the public, and requires that the proceeds resulting from such disposal actions be deposited into the Defense Production Act Fund, established by Section 113 of the bill. Presently, no incentives exist for managers to incur the direct costs associated with the disposal of excess industrial resources, nor does the authority exist to use the proceeds of such sales to fund needed industrial resources projects to strengthen the Nation's defense industrial and technology base.

Section 113. Defense Production Act Fund:

Subsection (a) of this section adds to the Act a new Section 304 (Defense Production Act Fund). Subsection (a) of this new section establishes a Defense Production Act Fund ("the Fund") as a separate fund within the United States Treasury. Subsection (b) specifies the monies that may be deposited into the Fund. Subsection (c) of new Section 304 specifies that monies from the Fund may be used to carry out activities authorized by the provisions of Title III of the Defense Production Act. It also makes the expenditure of monies from the Fund subject to limitations prescribed by the Act, as amended, and to such additional limitations included in any subsequent appropriations acts. Subsection (d) recognizes the Fund as a revolving fund without fiscal year limitation. Subsection (e) of the new section caps the Fund balance at $250 million, excluding any monies appropriated to the Fund in the current fiscal year. Monies in excess of the $250 million cap at the close of any fiscal year shall be returned to the Treasury's general fund. Subsection (f) prescribes the duties of the Fund manager, who shall be designated by the Secretary of the Treasury. These duties include the preparation and submission of an annual report to the Congress. And finally, subsection (g) of new Section 304 specifies the manner in which the Fund Manager will calculate the liabilities outstanding against the Fund.

Subsection (b) makes a conforming amendment to Section 9 of the Strategic and Critical Materials Stock Piling Act to permit the proceeds from disposals of materials excess to the needs of the Stockpile to be deposited in the Defense Production Act Fund rather than the National Defense Stockpile Transaction Fund. Such deposits to the Defense Production Act Fund are capped at $10 million in any fiscal year.

Subsection (c) initially capitalizes the Defense Production Act Fund by the transfer of $200 million from the unobligated balance of the National Defense Stockpile Transaction Fund. At the close of Fiscal Year 1988, the Stockpile Transaction Fund had an unobligated balance of approximately $650 million.

Section 114. Annual Report on Impact of Offsets:

This section amends Section 309 of the Defense Production Act, which requires the President to annually prepare and submit a report on the impact of offsets on defense preparedness, industrial competitiveness, employment, and trade to the Senate and House Banking committees. The proposed amendment specifies the Secretary of Commerce as the President's "Executive Agent" for carrying out the duties of Section 309. The proposed amendment restructures the existing requirements of Section 309(b), while adding specific reference to the Secretary of Commerce as the Executive Branch official exercising leadership and direction in the process of developing the required report. The proposed amendment adds a new subsection (c) to Section 309, which requires that a notice be furnished regarding any offset agreement exceeding $5 million. The notice requirement is an "after the fact" notice, not a prior approval notice. The provision does not designate the specific Government official to receive the notice; such designation is left to the implementing regulations. The proposed amendment adds a new subsection (d) (Contents of the Report) and subsection (e) (Utilization of Annual Report in Negotiations) which specify the existing requirements of Section 309 relating to the procedures for the report's preparation and its use in bilateral and multilateral negotiations to minimize the adverse effects of offsets.

Part C—Amendments to title VII of the Defense Production Act

Section 121. Small Business:

This section amends Section 701 of the Act pertaining to assuring small business participation in the programs authorized. As amended, subsection (a) would specify the objective of assuring the maximum practicable opportunity for the participation of small business concerns in the various programs to strengthen the defense industrial and technology base. The provision

makes clear that such participation must be afforded at both the prime contractor level and the various levels of subcontractor activity, including suppliers. Subsection (b) of the revised Section 701 would continue the existing policy that the regulations implementing the various programs authorized by the Act should accord small business concerns expeditious handling of their applications, requests, or appeals. Subsection (c) continues the Congressional direction to the President, currently reflected in Section 701, that small business concerns must be accorded their fair share of materials if the allocation authority of Section 101 of the Act is implemented.

Section 122. Definitions:

This section offers a substantially revised Section 702 of the Act, specifying definitions of various terms. Paragraph (1) adds a definition of "critical component". Paragraph (2) adds a definition of "critical technology". Paragraph (3) sets forth the Act's current definition of "defense contractor", modified to reflect terminology defined in this section and used throughout the proposed amendments to the Act. Paragraph (4) adds a definition of "domestic source". Paragraph (5) sets forth a stylistically modified version of the Act's current definition of "facilities". Paragraph (6) adds a new definition of "industrial resources", intended to continue the Act's reach of activities presently covered and broaden that reach to additional areas, especially regarding the full range of processes, technologies, and services relating to the use of modern manufacturing equipment. Paragraph (7) sets forth a broadened version of the Act's current definition of "materials". The intent is to capture the full range of materials from those in the raw, unrefined state through manufactured items that serve as components to defense materiel, to items of defense materiel themselves. The definition has been broadened to include advance processed materials, such as composites and ceramics. Paragraph (8) includes a slightly modified version of the Act's current definition of "national defense". Specifically, the definition's reach has been extended by substituting the word "energy" for the more limiting term "atomic energy". Paragraph (9) adds a new definition of "nondomestic source". Paragraph (10) sets forth a revised version of the Act's, current definition of person to exclude governments at the federal, state or local levels. References to such governmental entities have been included in the amendments to the Act where appropriate. Paragraph (11) adds a new definition of "services".

Section 123. Delegation of Authority; Appointment of Personnel:

This section offers a modernized version of the Act's current Section 703, relating to the President's authority under the Act to delegate authority, create agencies, and appoint and fix the compensation of civilian personnel free of the constraints of the Civil Service System.

Section 124. Rules, Regulations, and Orders:

This Section offers a simplified version of the Act's current Section 704, relating to regulatory implementation of the Act's authorities.

Section 125. Antitrust Protections for Sanctioned Industry Consortia:

This section offers a substitute for Section 708 of the Act, which currently provides antitrust defenses to certain voluntary agreements authorized to help the President meet defense preparedness requirements. The proposed amendment provides essentially generic authority and procedures to establish and operate "sanctioned industry consortia". Such sanctioned industry consortia are envisioned as joint industry arrangements chartered to undertake a specified program of basic research, research and development, production, marketing, or flexible manufacturing network to provide industrial resources or emerging technologies essential for the preservation or enhancement of the industrial or technology base supporting the national defense. The new section affords the sanctioned industry consortium with broad immunities from civil and criminal liability under the antitrust laws (as opposed to mere defenses), provided the consortium is operating within the scope and limitations of its charter, and in compliance with all regulations implementing the new statutory provision. To protect the public, the provision affords an aggrieved person the opportunity to bring a civil action to enjoin further unauthorized behavior and to obtain actual damages for injuries sustained due to such behavior.

Subsection (a) (Antitrust Protection) of the proposed new Section 708 provides immunities from criminal or civil action for the actions of a sanctioned industry consortium operating within the scope of its charter and in conformity with the regulations implementing the new section, except for the remedies made available in subsection (j) of the new section.

Subsection (b) (Definitions) specifies the meaning of terms used in the new Section 708. Paragraph (1) lists the statutes encompassed within the term "antitrust laws". Paragraph (2) defines the term "flexible manufacturing network". Paragraph (3) specifies the meaning of the term "plan of action". Paragraph (4) offers the definition of the term "sanctioned industry consortium", which includes the concept of "voluntary agreement" currently covered by Section 708. Paragraph (6) provides a definition of "voluntary agreement" derived from the Act's current coverage, but modified to meet demands for specialized services or cooperative arrangements in the energy field.

Subsection (c) (Delegation of Presidential Authority) grants the President the authority to delegate his authorities to one or more Executive Branch officials, whose appointments are subject to Senate approval.

Subsection (d) (Formation of Sanctioned Industry Consortium) of the proposed new Section 708 specifies the procedures to be followed in the creation of a sanctioned industry consortium. The formation of a sanctioned industry consortium may be initiated by private sector entities unlike the creation of a voluntary agreement which must be initiated by the President or his designee. The procedures require the publication of a notice announcing the receipt of an application to form a sanctioned industry consortium, identifying each participating entity, and describing the applicants' proposed activities. A copy of the application is furnished to both the Attorney General and the Chairman of the Federal Trade Commission for review and to obtain recommendation of each officer regarding whether the applicant should be granted a charter as a sanctioned industry consortium.

Subsection (e) (Criteria for Sanctioning Consortium) of the new section 708 specifies the criteria that an applicant must meet in order to be chartered. The subsection also requires that action be taken on a reviewable application within 90 days of its receipt, but not sooner than 30 days after publication of the required notice announcing the application for a charter. An approved consortium shall be issued a charter, specifying the scope of its activities and imposing such special terms, conditions, or limitations as deemed appropriate by the President, the Attorney General, or the Chairman of the Federal Trade Commission. The subsection also requires the appointment of a principal liaison to serve as the point-of-contact between the consortium's leadership and the Government.

Subsection (f) (Consortium Advisory Council) of the proposed new Section 708 authorizes a sanctioned industry consortium to form one or more advisory councils.

Subsection (g) (Charter) of the amended Section 708 provides for the modification and termination of a consortium charter. A charter may be terminated for failure to comply with its terms or the requirements of Section 708, as amended, and its implementing regulations. The termination procedures provide the consortium with an opportunity to appeal a termination notice.

Subsection (h) (Regulations) requires the President to issue regulations implementing the new Section 708. The participation of the Attorney General and the Chairman of the Federal Trade Commission is specified. The subsection also specifies certain matters to be addressed in the regulations, in addition to such other matters as the President deems appropriate.

Subsection (i) (Exemption from Federal Advisory Committee Act) of the proposed amendment to Section 708 exempts the activities of a sanctioned industry consortium and any advisory committee it may establish from the Federal Advisory Committee Act.

Subsection (j) (Remedies) specifies the remedies available to an aggrieved party under the proposed revision to Section 708. Such aggrieved party may bring a civil action to enjoin the sanctioned industry consortium from continuing to take the actions which inflicted the injury, and may be awarded actual damages and cost of such successful action including reasonable attorney's fees. A sanctioned industry consortium is accorded a presumption that its activities were conducted within the scope and limitations of its charter in conformity with the requirements of this section, but such presumption may be rebutted. The limitations on available remedies prescribed by this section do not apply to a civil action in which the plaintiff alleges that the sanctioned industry consortium intended to cause competitive injury to the plaintiff. A plaintiff shall be liable for the payment of the consortium's cost of defending against a challenge, including reasonable attorney's fees, if the court finds that the challenged conduct was within the scope and limitations of the consortium's charter and the requirements of this section.

Section 126. Exemption from Administrative Procedure Act:

This section amends Section 709 of the Act, which exempts regulations implementing the Act from the notice and comment provisions of the Administrative Procedure Act, but requires publication of an agency statement that interested parties were consulted in the formulation of the regulation. The proposed amendment to Section 709 would similarly exempt the Act's implementing regulations from the notice and comment provisions of the Administrative Procedures Act. It would, however, make any regulation subject to the publication and comment procedures required by Sec-

tion 22 of the Office of Federal Procurement Policy Act to assure adequate public review and participation in rulemaking.

Section 127. Authority to Review Certain Mergers, Acquisitions, and Takeovers:

This section amends Section 721 of the Act authorizing the President to assess the effects of mergers, acquisitions, and takeovers on national security. Section 721 was added to the Act by the so-called "Exon-Florio Amendment" to the "Omnibus Trade and Competitiveness Act of 1988". The amendment strengthens the provision regarding the making of a finding as to whether a particular merger, acquisition, or takeover may be expected to impair national security.

Part D—Techical amendments

Section 131: Priorities in Contracts and Orders:

This section eliminates obsolete reporting requirements, while maintaining essential elements of the Presidential findings that must precede the use of the authority granted by Section 101 of the Act regarding priority performance of contracts or the allocation of materials.

Section 132. Loan Guarantees:

This section substitutes the current titles for the appropriate committees of the Congress to which the Presidential certification must be submitted pursuant to Section 301(e)(2)(B).

Section 133. Investigations; Records; Reports; Subpoenas:

This section amends Section 705 of the act to correct a spelling error and renumbers subsections to accommodate a previously repealed subsection. The section also increases the fine specified in subsection (d) of the Section 705 (from $1,000 to $10,000) to parallel the fine specified in subsection (e), and elsewhere in the Act. Finally, the section deletes the provision according confidentiality to data obtained by the Office of Price Stabilization prior to April 30, 1953 under the Act's authority.

Section 134. Employment of Personnel:

This section amends Section 710 of the Act relating to the appointment of individuals from industry to serve without compensation in defense mobilization positions. The amendments clarify and simply the Section's current reporting requirements relating to identifying the financial interests of such persons that could create a conflict of interest relating to the exercise of advisory responsibilities to Government. In addition, the section corrects certain references to organizations of the Executive Branch and Legislative Branch. Finally, the section substitutes the currently applicable language authorizing the payment of travel and per diem.

Section 135. Authorization of Appropriations:

This section amends Section 711 by eliminating the reference to the Bureau of the Budget and substitutes the Office of Management and Budget.

Part E—Repealers and conforming amendments

Section 141. Synthetic Fuel Action:

This section repeals Section 307 of the Defense Production Act of 1950 (50 U.S.C. App. 2097). This provision specifies the procedures under which the Senate and House of Representatives will consider a resolution disapproving Presidential action regarding certain matters defined as "synthetic fuel actions". The veto of an action by the Executive through the disapproval of a single house of the Congress was declared unconstitutional in *Immigration and Naturalization Service* v. *Chadha*, 103 U.S. 2764 (1983).

Section 142. Voluntary Agreements and Plans of Action for International Allocation of Petroleum Products and Related Information Systems:

This section repeals Section 708A of the Defense Production Act of 1950 (50 U.S.C. 2158a). The section is unnecessary in light of the enactment of Public Law 94-163, the "Energy Policy and Conservation Act), on December 22, 1975, and the availability of the revised antitrust protections, provided through the proposed amendments to Section 708, to a sanctioned industry consortium chartered for specific operations relating to energy.

Section 143. Authorization of Appropriations:

This section repeals Section 711(b) of the Defense Production Act of 1950 (50 U.S.C. App. 2160(b)). This section provided for certain payments of interest to the Treasury on the funds obligated as loans under the authority of Section 302 of the Act or purchase commitments under the authority of Section 303 of the Act.

Section 144. Joint Committee on Defense Production:

This section repeals Section 712 of the Defense Production Act of 1950 (50 U.S.C. 2162). This section establishes and specifies the jurisdiction and rules of the Joint Committee on Defense Production. Such a joint committee is no longer provided for by Standing Rules of the Senate or of the House of Representatives.

Section 145. Persons Disqualified for Employment:

This section repeals Section 716 of the Defense Production Act of 1950 (50 U.S.C. App. 2165). The provision disqualifies from employment any individual who advocates (or belongs to an organization that advocates) the overthrow of the United States Government by force or violence, or who engages in a strike against the United States Government (or belongs to an organization that asserts the right to strike against the Government). The provision also establishes penalties of fines (not more than $1,000) and imprisonment (not more than one year) for any individual, so disqualified, who accepts employment and wages authorized under the Act. This provision is duplicative of other generally applicable provisions of law on the same subject.

Section 146. Feasibility Study on Uniform Cost Accounting Standards; Report Submitted:

This section repeals Section 718 of the Defense Production Act of 1950 (50 U.S.C. App. 2167). The study required by the section was completed and submitted to the Congress in 1968.

Section 147. National Commission on Supplies and Shortages:

This section repeals Section 720 of the Defense Production Act of 1950 (50 U.S.C. App. 2169). The Commission established by this section completed its work in 1976, and was terminated on March 31, 1977.

Part F—Reauthorization of selected provisions

Section 151. Authorization of Appropriations:

This section authorizes the appropriation of the aggregate sum of $250 million to carry out the provisions of Sections 301, 302, and 303 of the Act for fiscal years 1990 through 1993.

Section 152. Sunset:

This section amends Section 717 of the Act establishing sunset dates for the authorities granted by various sections of the Act. Most of the authorities granted by Title I, Title III, and Title VII are set to expire on September 30, 1993, a four-year extension.

TITLE II—ADDITIONAL PROVISIONS TO IMPROVE INDUSTRIAL PREPAREDNESS

Part A—Industrial capability and national security

Section 201. Industrial Capabilities Committee:

This section directs the President to establish an Industrial Capabilities Committee, or other appropriate forum, to analyze the demands to be placed upon industry by national defense plans and industry's capabilities to fulfill those expectations in peacetime as well as in time of national emergency. Establishment of such a body was a principal recommendation of the Defense Science Board's 1988 Task Force on the Defense Industrial and Technology Base.

Section 202. Integration of National Security Policy and National Economic Policy:

This section expresses the sense of the Congress that there should be improved integration of national economic policies and national security policies. The section recommends fostering the attainment of this objective by designating the Secretary of Defense as a member of the Economic Policy Council and through the establishment of a Defense Working Group within the Economic Policy Council. This provision is also based on the recommendations of the Defense Science Board's 1988 report.

Section 203. Assessing Industrial Responsiveness Capabilities:

This section expresses the sense of the Congress that the President should periodically conduct one or more exercises to assess the capability of industry to respond to increased demands for defense material and services under various graduated mobilization response conditions. This section is based on a recommendation of the Air Force Association made in the report of its 1988 review of the defense industrial base. It recognizes the graduated mobilization response system implemented by DOD. This improved mobilization response system is a outgrowth of the 1988 analysis of the defense industrial and technology base conducted by the Office of the Under Secretary of Defense (Acquisition), reported in Bolstering Defense Industrial Competitiveness.

Part B—Encouraging improvement of the defense industrial base

Section 211. Encouragement of Investment in Advanced Manufacturing Technology and Processes:

This section encourages investment in advanced manufacturing technologies, advanced production equipment, and advanced processes through acquisition policies that provide recognition in contract award decisions and increased allowances for profit if the contractor, subcontractor, or supplier invests in any such technology, equipment, or process in connection with the performance of such contract.

Section 212. Recognition of Modernized Production Systems and Equipment in Contract Award and Administration:

This section encourages investment in modern industrial facilities and production systems (including hardware and software) through acquisition policies that will provide recognition in contract award decisions, increased allowances for profit, and sharing in the benefits of "cost savings" if the contractor, subcontractor, or supplier invests in

any such modern industrial facilities, production systems, or other modern production equipment for use in the performance of such contract.

Section 213. Support for the Development and Application of Critical Technologies:

This section provides additional authority through acquisition policies that will allow for the directing of contracts to support domestic firms that are developing and applying emerging technologies critical to national defense needs.

Section 214. Procurement of Critical Items of Supply:

This section provides additional authority through acquisition policies that will allow for a noncompetitive contract award to at least one domestic source for the procurement of a critical item essential to the production, repair, maintenance, or operation of military equipment.

Part C—Unfair foreign competition

Section 221. Evaluation of Offers from Sources Other Than Domestic Sources:

This section provides for the application of evaluation factors to counter any price advantage enjoyed by a nondomestic contractor derived from one or more unfair advantages. Such unfair advanages may include, but are not limited to, direct or indirect subsidization, exemption from a law applicable to a domestic source, or exemption from a statute, regulation, or executive order of the United States relating to environmental protection, unfair labor standards, or subcontracting requirements.

Section 222. Discouraging Unfair Trade Practices:

This section provides that if a contractor is found to have engaged in one or more activities specified as unfair trade practices, such contractor shall be subject to a determination of ineligibility for the award of contracts (debarment).

TITLE III—AMENDMENTS TO RELATED LAWS

Section 301. Proceeds from Sale of Excess Industrial Plant Equipment and Facilities:

This section makes a conforming amendment to Section 204 of the "Federal Property and Administrative Services Act of 1949" to permit the proceeds of a disposal of industrial plant equipment or production facilities to be deposited into the Defense Production Act Fund established by Section 113 of the bill.

Section 302. Stockpiling of Critical Components:

This section amends Section 12 of the "Strategic and Critical Materials Stock Piling Act" to permit the stockpiling of critical items essential to the production, repair, maintenance, or operation of major weapon systems, or other items of military equipment.

TITLE IV—EFFECTIVE DATES

Section 401. Effective Dates:

This section establishes the effective date of the "Defense Production Act Amendments of 1989" as September 30, 1989.

MAJOR STUDIES ON THE DEFENSE INDUSTRIAL BASE

The steady erosion of the defense industrial and technology base has been the subject of numerous DOD, industry, GAO, and Congressional reviews since the mid-1970s. Some of the major analyses are:

Nov 1976.—Defense Science Board Task Force on Industrial Readiness Plans and Programs.

1980.—Hearings (13 days; 1796 page record) by a specially created Defense Industrial Base Panel of the House Armed Services Committee.

Dec 1980.—*The Ailing Industrial Base: Unready for Crisis*, the report of the Defense Industrial Base Panel, House Armed Services Committee.

Jan 1981.—Report of the Defense Science Board, 1980 Summer Study on Industrial Responsiveness.

Feb 1981.—*Defense Industrial Base Issues*, a series of industry briefings to the House Armed Services Committee.

Jul 1981.—*Deterioration of the U.S. Defense Industrial Base*, hearing by the Senate Committee on Small Business.

Sep 1981.—*Restoring America's Defense Industrial Base*, hearing by the Joint Economic Committee.

Apr 1984.—*Assessing Production Capabilities and Constraints in the Defense Industrial Base*, GAO report.

Mar 1988.—*The Defense Technology Base: Introduction and Overview*, a special report of the Office of Technology Assessment.

Jul 1988.—*Bolstering Defense Industrial Competitiveness*, a report by Under Secretary of Defense (Acquisition).

Sep 1988.—*Lifeline in Danger*, sponsored by the Air Force Association.

Oct 1988.—Report of the 1988 Defense Science Board Study.

May 1989.—*Deterrence in Decay: The Future of the U.S. Defense Industrial Base*, a report by the Center for Strategic and International Studies.

By Mr. WILSON (for himself, Mr. KERRY, Mr. COATS, Mr. DOLE, and Mr. LOTT):

S. 1380. A bill to amend title 31, United States Code, to increase both citizen participation in and funding for the war on drugs by directing the Secretary of the Treasury to issue drug war bonds, and for other purposes; to the Committee on Finance.

DRUG WAR BOND ACT OF 1989

Mr. WILSON. Mr. President, our Nation's drug problem is too understated for that description. Our Nation's problem with illegal drugs has many facets. They range from the sheer greed and ruthlessness of drug traffickers, both here and abroad, to the poverty and the inadequate education, in terms of the ills of drug use, that permit these traffickers to prey on our young people.

Our Nation's response must also be multifaceted, and yet whatever approach we take the success of any single part of the attack or all of it clearly depends upon our ability to mobilize public attitudes to focus public anger and public fear because only broad public support can provide the impetus to change attitudes, specifically, the attitudes of those who use or might consider using illegal drugs, and equally important, Mr. President, the attitudes of politicians who have voted tough measures but not found the courage to make the tough budgetary choices in order to finance them.

That, unhappily, is the history of the Congress. In 1986 and in 1988 we passed what should have been very useful legislation. But we wrote bum checks. We have not fully funded the activities that we put to paper as necessary to not simply wage a rhetorical war on drugs but a real one and to win it.

To this end, Mr. President, last week with the support of the organization Citizens for a Drug Free America, Congressman JERRY LEWIS and I announced a plan that will mobilize the American public in the fight against drugs—the creation of drug war bonds.

There are some in this body who are old enough to remember World War II and to remember the war bonds that were used to finance America's war effort. Drug war bonds will not only provide a significant similar means for increasing funding for our antidrug efforts, but they will also serve as a vehicle to generate greater public awareness of the ills created by drug trafficking and by the abuse of drugs, and they will give the public a far greater stake in the battle itself.

Instead of simply depending upon elected representatives to set and keep priorities, and to fund them in accordance with the wishes and the beliefs of the American people, this will actually allow the American people in the marketplace by investing their own funds to state clearly what their priority will be, and to put money behind the position that they show in virtually every public opinion survey in expressing their concern for crime and drugs as inextricably twin issues and the first issue in any measurement of public concern.

So today Mr. President, I am introducing on behalf of myself, Senator KERRY of Massachusetts, Senator COATS, and Senator DOLE, the Drug War Bonds Act of 1989 as a companion measure to the bill introduced by Congressman LEWIS. Under our proposal, the Secretary of Treasury will be authorized to issue up to $4 billion in tax-free bonds with an interest rate of at least 4 percent and a maturity of not more than 12 years.

Stamps will also be issued so that children as they did in World War II can contribute small amounts of money working to that point where they can in fact redeem their stamp books for a bond. Furthermore, voluntary contributions to the war on drugs trust fund would be allowed with taxpayers electing to make a direct payment in addition to their other tax payment or by a check-off on Federal income tax forms diverting any income otherwise due them.

The funds raised by this plan will be expended under the authority of the President by the drug czar for enumerated programs such as prison construction, salary enhancements for Federal agents, the hiring of additional law enforcement personnel, rehabilitation, drug education, and enhancement of

the State Block Grant Law Enforcement Program.

Payment of the interest on these bonds and repayment of principal when the bonds are cashed in will be supported from three sources. First, from the contributions made to it and the interest earned by the trust fund; second, from excess moneys from the Justice Department's asset forfeiture fund after local governments receive their share under the Equitable Sharing Program and after the seizing Federal agencies have had an opportunity to make authorized use of the money; and, third, from appropriated funds as may be necessary.

Mr. President, when I say "as may be necessary," I have in mind that these contributions to a bond paying 4 percent interest will afford an opportunity for money to be earned on the spread between what is paid, 4 percent, and what can be earned in the marketplace by the Treasury issuing other kinds of securities.

And clearly, 4 percent is not a huge reward. What the American people will be asked to do and what I fully expect they will do, as they did in World War II, will be to invest in the future of this Nation, to invest in a program that will adequately finance a war on drugs worthy of the name. I can think of no more important or rewarding investment.

In order to prevent the Congress from cutting funding for antidrug programs in regular appropriations bills—as was the case last year in anticipation of the omnibus drug bill—I have added a provision making subject to a point of order any budget resolution or appropriations bill that proposes a cut in spending in the war against drugs. Sixty votes would be needed to waive the point of order in the Senate.

Drug war bonds can serve as a magnet for public attention. With the efforts to sell the bonds, and the publicity surrounding the programs funded by the money raised, we will increase the public's resolve to really meet the problem.

The war bonds plan worked in World War II, generating both funds and commitment to the war effort necessary to win. The stakes are just as high today, though the enemy is not threatening to invade. The fact is, the enemy is already here on our streets, in our parks, and in our school yards.

Mr. President, I want to commend Citizens for a Drug Free America and its founder and president, Roger Chapin, for having inspired the creation of drug war bonds. I also want to commend my colleague from California, JERRY LEWIS, who is a true leader in the fight against illegal drugs and who was the first Member of Congress to see the wisdom and potential of the drug war bond proposal.

I urge my colleagues to carefully review this legislation, and I am hopeful that we can move its consideration this year.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

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

S. 1380

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 "Drug War Bond Act of 1989".

SEC. 2. ISSUANCE OF DRUG WAR BONDS.

Subchapter I of chapter 31 of title 31, United States Code, is amended by adding at the end thereof the following new section:

"§ 3114. Drug War Bonds

"(a) ISSUANCE.—The Secretary of the Treasury shall—

"(1) issue Drug War Bonds of the United States Government, and

"(2) buy, redeem, and pay interest on such bonds.

"(b) LIMITATIONS.—

"(1) The face amount of obligations issued under subsection (a) shall not exceed $4,000,000,000.

"(2) The Secretary of the Treasury shall not issue Drug War Bonds after the 3-year period beginning on the date of the enactment of this section, unless Congress reauthorizes the issuance of such bonds.

"(c) METHODS OF ISSUANCE.—Drug War Bonds may be issued on an interest-bearing basis, on a discount basis, or on an interest-bearing and discount basis.

"(d) INVESTMENT YIELD.—

"(1) With the approval of the President, and except as provided in paragraph (2), the Secretary may—

"(A) fix the investment yield for Drug War Bonds, and

"(B) change the investment yield on an outstanding Drug War Bond, except that the yield on a Drug War Bond for a period held may not be decreased below the minimum yield for the period guaranteed on the date of issue.

"(2) The investment yield on a Drug War Bond shall be at least 4 percent a year compounded semiannually beginning after the date of issue of the bond and ending on the last day of the month before the date of redemption.

"(e) MATURITY.—A Drug War Bond shall mature not more than 12 years from the date of issue.

"(f) MISCELLANEOUS.—The Secretary of the Treasury shall prescribe for Drug War Bonds—

"(1) the form and amount of an issue,

"(2) the way in which the bonds will be issued,

"(3) the conditions (including restrictions on transfer) to which the bonds will be subject,

"(4) conditions governing redemption of the bonds,

"(5) the sales price and denominations of the bonds, and

"(6) a way to evidence payments for or on account of the bonds.

"(g) PARTICIPATION BY INDIVIDUALS.—In prescribing terms and conditions under subsection (f) for the issuance of Drug War Bonds, the Secretary of the Treasury shall seek to maximize the number of individual purchasers of such bonds.

"(h) DRUG WAR STAMPS.—The Secretary of the Treasury, under such regulations and upon such terms and conditions as he may prescribe, may—

"(1) issue, or cause to be issued, stamps, or may provide any other means to evidence payments for or on account of Drug War Bonds,

"(2) provide for the exchange of such stamps for such bonds, and

"(3) solicit private contributions to offset the administrative costs of issuing such stamps.

"(i) RECOGNITION OF BOND PURCHASERS.—The Secretary of the Treasury shall prescribe a method of recognizing the patriotic participation of purchasers of Drug War Bonds in the war on drugs. Such recognition may consist of the distribution of bumper stickers, window decals, or similar items to such purchasers."

SEC. 3. EXEMPTION OF INTEREST ON DRUG WAR BONDS.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by redesignating section 136 as section 137 and by inserting after section 135 the following new section:

"SEC. 136. INTEREST ON DRUG WAR BONDS.

"(a) IN GENERAL.—Gross income does not include any amount received by an individual during the taxable year as interest on a Drug War Bond.

"(b) DRUG WAR BOND DEFINED.—For purposes of subsection (a), the term 'Drug War Bond' means a bond issued in accordance with section 3114 of title 31, United States Code."

(b) CLERICAL AMENDMENT.—The table of sections for such part is amended by striking the last item and inserting the following new items:

"Sec. 136. Interest on Drug War Bonds.
"Sec. 137. Cross references to other Acts."

(c) APPLICABILITY.—The amendments made by subsections (a) and (b) shall apply to taxable years ending after December 31, 1988.

SEC. 4. CONTRIBUTIONS TO WAR ON DRUGS TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 61 of the Internal Revenue Code of 1986 is amended by adding at the end thereof the following new part:

"PART IX—DESIGNATION OF OVERPAYMENTS AND CONTRIBUTIONS TO WAR ON DRUGS TRUST FUND

"Sec. 6097. Designation.

"SEC. 6097. DESIGNATION.

"(a) IN GENERAL.—With respect to each taxpayer's return for the taxable year of the tax imposed by chapter 1, such taxpayer may designate that—

"(1) a specified portion (not less than $1) of any overpayment of tax for such taxable year, and

"(2) any cash contribution which the taxpayer includes with such return,

shall be transferred to the War on Drugs Trust Fund.

"(b) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year only at the time of filing the return of the tax imposed under chapter 1 for such taxable year. Such designation shall be made on the 1st page of the return.

"(c) OVERPAYMENT TREATED AS REFUNDED.—For purposes of this title, any overpayment of tax designated under subsection (a) shall be treated as having been refunded to the taxpayer as of the last date prescribed for

filing the return of tax imposed by subtitle A (determined without regard to extensions) or, if later, the date the return is filed."

(b) CLERICAL AMENDMENT.—The table of parts for subchapter A of chapter 61 of such Code is amended by adding at the end thereof the following new time:

"Part IX. Designation of overpayments and contributions to War and Drugs Trust Fund."

(c) APPLICABILITY.—The amendments made by this section shall apply to taxable years beginning after December 31, 1988, but shall not apply to taxable years beginning after the date on which the final Drug War Bond issued pursuant to this Act reaches final maturity.

SEC. 5. CONTRIBUTIONS TO THE WAR ON DRUGS TRUST FUND FROM EXCESS MONIES IN THE ASSETS FORFEITURE FUND.

(a) Subsection (c) of Section 524 of title 28, United States Code, is amended—

(1) in paragraph (9) by striking out the second sentence; and

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

"(11) Beginning in fiscal year 1990, unobligated amounts remaining in the Fund at the end of each fiscal year shall be deposited in the War on Drugs Trust Fund established in section 9511 of subchapter A of chapter 98 of the Internal Revenue Code of 1986, except that an amount not to exceed $15,000,000 or, if determined necessary by the Attorney General to meet specific asset specific expenses, an amount equal to one-twelfth of the previous year's expenditures, may be carried forward and remain available for the next fiscal year.".

Section 6073 of the Anti-Drug Abuse Act of 1988 (Pub. L. 100-690), (21 U.S.C. 1509), is repealed.

SEC. 6. ESTABLISHMENT OF WAR ON DRUGS TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 (relating to trust fund code) is amended by adding at the end thereof the following new section:

"SEC. 9511. WAR ON DRUGS TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'War on Drugs Trust Fund', consisting of such amounts as may be appropriated or credited to the War on Drugs Trust Fund as provided in this section or section 9602(b).

"(b) TRANSFER OF FUNDS TO WAR ON DRUGS TRUST FUND.—There is hereby appropriated to the War on Drugs Trust Fund—

"(1) amounts equivalent to the amounts designated under section 6097,

"(2) proceeds from the sale of Drug War Bonds and Drug War Stamps under section 3114 of title 31, United States Code, and

"(3) amounts made available from excess monies in the Department of Justice Assets Forfeiture Fund pursuant to section 524(c)(11) of title 28, United States Code.

"(c) EXPENDITURES FROM TRUST FUND.—Amounts in the War on Drugs Trust Fund, shall be available—

"(1) to the Secretary of the Treasury—

"(A) for carrying out section 3114 of title 31, United States Code,

"(B) for paying the administrative expenses of the Department of the Treasury directly allocable to—

"(i) modifying the individual income tax return forms to carry out section 6097,

"(ii) carrying out this chapter with respect to such Fund, and

"(iii) processing amounts received under section 6097 and transferring such amounts to such Fund, and

"(2) to the Director of National Drug Control Policy, operating under the authority of the President—

"(A) for the construction of Federal prison buildings and facilities to be made available in part for housing prisoners of a State in exchange for a per diem fee to be paid by such State in an amount based upon the costs of maintaining such prisoners as well as other costs,

"(B) for carrying out recommendations of the National Advisory Commission on Law Enforcement with respect to the salaries and expenses of—

"(i) the Offices of the United States Attorneys,

"(ii) the Drug Enforcement Administration,

"(iii) the United States Marshals Service,

"(iv) the Federal Bureau of Investigation,

"(v) the Bureau of Alcohol, Tobacco, and Firearms, and

"(vi) the United States Custom Service,

"(C) for supplementing the funds provided under the Justice Assistance Block Grant Program for the purpose of enhancing State and local drug enforcement activities,

"(D) for the President's Media Commission on Alcohol and Drug Abuse Prevention, as established in the Anti-Drug Abuse Act of 1986 (21 U.S.C. 1301),

"(E) for education and rehabilitation programs, and

"(F) for demonstration programs such as—

"(i) a program to be modeled after military boot camps for rehabilitating drug offenders under the age of 25,

"(ii) a program to provide matching funds to local educational agencies for implementing drug abuse prevention and citizenship programs in elementary and secondary schools,

"(iii) a program to improve the ability of local jurisdictions to prosecute and incarcerate drug offenders that would include federally constructed county jail or county regional jail for pre-trial detention and post-conviction detention,

"(iv) a 3-year program to provide college credit and job training for disadvantaged youth in an in-residency work/study center,

"(v) a televised drug counseling program to broadcast drug abuse treatment information and interactive group support meetings and provide telephone counseling to call-in viewers, and

"(vi) a program which addresses the activities of violent drug gangs.

"(d) APPROPRIATION.—Amounts necessary to meet expenditures from the War on Drugs Trust Fund, as permitted by law, are hereby appropriated from the Fund.

"(e) BUDGETARY TREATMENT OF THE FUND.—Notwithstanding any other provision of law, receipts of and expenditures from the War on Drugs Trust Fund—

"(1) shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government, and

"(2) shall be exempt from any order issued under part C of the Balanced Budget and Emergency Deficit Control Act of 1985, and shall not be counted in calculating the excess deficit for purposes of sections 251 and 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, but shall be counted for purposes of calculating the deficit under section 3(6) of the Congressional Budget and Impoundment Control Act of 1974 for purposes of comparison with the maximum deficit amount under the Balanced Budget and Emergency Deficit Control Act of 1985, for any fiscal year.".

(b) CONSTRUCTION.—Nothing in any amendment made by subsection (a) shall be considered to diminish the oversight responsibilities of the Congress under law, rule, or regulation with respect to the budget of the Department of Justice, the Department of the Treasury, or the Office of National Drug Policy.

(c) APPLICABILITY.—The amendments made by subsection (a) concerning budgetary treatment of the War on Drugs Trust Fund shall apply with respect to budgets for fiscal years beginning after September 30, 1989.

(d) POLICY CONCERNING USE OF FUND.—It is the policy of the Congress that expenditures from the War on Drugs Trust Fund for existing Federal anti-drug activities shall be in addition to levels otherwise appropriated for such activities.

(e) CLERICAL AMENDMENT.—The table of sections for such subchapter A is amended by adding at the end thereof the following new item:

"Sec. 9511. War on Drugs Trust Fund."

SEC. 7. REPORTS.

(a) REPORT OF THE SECRETARY OF THE TREASURY.—Not later than 3 years after the date of the enactment of this Act, the Secretary of the Treasury, in consultation with the Director of National Drug Control Policy, shall develop and transmit to Congress a report containing findings and recommendations concerning the programs established by this Act.

(b) REPORT OF THE ATTORNEY GENERAL.—Not later than 1 year after the date of the enactment of this Act, the Attorney General shall transmit to Congress a report containing recommendations on the merits of privatizing Federal prisons.

SEC. 8. AVOIDANCE OF OFF-SETTING REDUCTIONS IN SPENDING.

(a) It shall not be in order in either the House of Representatives or the Senate to consider any regular authorization or appropriations bill, continuing resolution, or budget resolution that proposes spending for drug related programs at levels less than the total established for the prior fiscal year plus an additional amount to compensate for inflation.

(b) In the Senate, the requirements of subsection (a) may be waived or suspended by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

By Mr. KASTEN (for himself, Mr. HARKIN, Mr. BOSCHWITZ, Mr. SYMMS, Mr. LOTT, Mr. LUGAR, Mr. PRESSLER, and Mr. BURNS):

S. 1381. A bill to amend the Internal Revenue Code of 1986 to increase to 100 percent and make permanent the deduction for health insurance for self-employed individuals; to the Committee on Finance.

SELF-EMPLOYED EQUITY ACT

● Mr. KASTEN. Mr. President, on behalf of myself and Senators HARKIN, BOSCHWITZ, SYMMS, LOTT, LUGAR, PRESSLER, and BURNS, I today am introducing legislation which will eliminate an inequity in our tax laws and increase

the number of Americans who are covered by health insurance.

This bill, the Self-Employed Equity Act of 1989, will provide a 100-percent tax deduction for the health insurance costs of the self-employed. The Self-Employed Equity Act will amend the Internal Revenue Code of 1986 to allow self-employed individuals, primarily sole proprietors and partners in America's smallest businesses, to deduct the full cost of health insurance for themselves and their families.

Mr. President, who are the self-employed? They are all around us. The dairyman in Wisconsin, the farmer in Iowa, the owners of the "Mom and Pop" store in Mississippi, these are all good examples of self-employed individuals. Self-employed businesses are the most dynamic sector of our economy, the home of the small, rapidly growing firms which will lead us into the 21st century.

However, self-employed businesses are also the most precariously balanced of all firms, compensating for a lack of financial resources with ingenuity and plain hard work. Providing health insurance in self-employed firms is a daunting task.

My legislation will correct an inequity in current law which serves to further discourage self-employed business owners from offering health benefits to their employees. Under current law, all employers can deduct as a business expense the cost of providing health insurance coverage to their employees. The owner of an incorporated business may also deduct the full cost of his or her own health insurance. However, self-employed individuals can deduct only 25 percent of their health costs, and even this meager amount is due to expire this year.

Mr. President, this is not right and it's not fair. It's time to put an end to this double standard. Why should the small businesses of my State, or any State, be treated any differently than General Motors or IBM? This is a simple matter of equity. Self-employed businesses should not be penalized simply because they are small. The employees of those firms have just as much right to health care as employees of the Fortune 500. But because our current tax policy makes health insurance so expensive for small firms, far too many individuals are not offered coverage. Current policy makes a business owner who is considering offering coverage to his employees reconsider his decision, and the employee suffers.

The relationship is clear. The Joint Committee on Taxation reports that 77 percent of the corporations of this country offer some type of health plan, while only 29 percent of sole proprietorships do. The Congressional Research Service has reported that employers cited the less generous tax treatment of health insurance premiums for unincorporated businesses as an important reason for not offering coverage.

Congress needs to work to make insurance more affordable. The National Federation of Independent Businesses reports that 92 percent of businesses agree that the cost of providing health insurance coverage is a serious problem. We need to be putting incentives into the system, not roadblocks to the goal of expanding health care coverage. And increasing the deductible amount is the kind of incentive that makes sense—it is the kind of incentive we need. This change, in addition to making our tax system more fair, could lead to millions of additional people being covered by health insurance.

Mr. President, many avenues have been suggested for increasing the availability of health care; some are controversial, some are expensive. But no plan makes more sense or is more fair than this one. By enacting the Self-Employed Equity Act, we will be taking a big step toward making affordable, available health insurance a reality.●

By Mr. DIXON (for himself, Mr. D'AMATO, Mr. KERRY, Mr. LEVIN, Mr. BURDICK, Mr. HARKIN, Mr. SIMON, Mr. BINGAMAN, Mr. NUNN, Mr. SARBANES, Mr. LUGAR, Mr. COHEN, Mr. CRANSTON, Ms. MIKULSKI, Mr. EXON, Mr. HEFLIN, Mr. PRESSLER, Mr. KASTEN, Mr. GLENN, Mr. DODD, Mr. SPECTER, Mr. FORD, Mr. LAUTENBERG, Mr. ROTH, Mr. KERREY, Mr. GRASSLEY, Mr. COATS, Mr. BREAUX, Mr. BUMPERS, Mr. KOHL, and Mr. GORE):

S. 1383. A bill to amend the Internal Revenue Code of 1986 to exclude certain employees from pension minimum coverage requirements; to the Committee on Finance.

AMENDING THE DEFERRED COMPENSATION PLAN PROVISIONS OF THE INTERNAL REVENUE CODE

Mr. DIXON. Mr. President, I rise today to introduce legislation that will amend the deferred compensation plan provisions of the Internal Revenue Code. This bill seeks to facilitate the railroad industry—both railroad management and labor—to bargain collectively for cash or deferred compensation arrangements (401(k) plans) on a union-by-union basis.

Many railroad unions have expressed the desire to be able to negotiate for these cash or deferred compensation arrangements; 9 of the 17 rail labor organizations, in their section 6 notices for this round of collective bargaining, have requested the establishment of a 401(k) plan.

The railroad industry is vastly different than many other industries in our country. Most industries are represented by only one union. The railroad industry, on the other hand, has 17 district unions operating within it.

Under current law, 1 union's ability to negotiate a 401(k) plan for its members is affected by the eligibility of members of the other 16 unions, even though these employees are not represented by the union negotiating for the deferred compensation plan.

Mr. President, the bill that I am introducing would rectify this situation. Consistent with the current law exclusions relating to union employees in sections 410(b)(3) (A) and (B), this provision would facilitate the collective bargaining of 401(k) plans by allowing the plans to be tested for discrimination and coverage on a union-by-union basis. Under this proposal, benefit packages could be tailored to the needs of individual unions.

This bill has the support of both labor and rail management. In addition, the Joint Committee on Taxation has found this proposal to be revenue neutral.

This legislation is identical to an amendment that I offered to last year's technical corrections bill. This amendment enjoyed wide support in the Senate. Thirty Senators, including myself, wrote Chairman BENTSEN and Ranking Member PACKWOOD of the Finance Committee urging support of this amendment. Furthermore, this amendment was included in the Baucus-Packwood amendment, and it was passed by the Senate. Unfortunately, it was one of many important provisions that was not incorporated in the conference's final bill.

It is time that we rectify this inequitable situation confronting the railroad industry. There is no legitimate reason that labor and management of the railroad industry should be denied the right to bargain collectively, if they so desire, for these 401(k) plans on a union-by-union basis.

In introducing this bill, I am joined by 30 of my distinguished colleagues on both sides of the aisle. I urge all of my colleagues to support this meritorious legislation.

Mr. D'AMATO. Mr. President, I am pleased to join my colleague, Senator DIXON, and others in sponsoring legislation that would permit union employees in the railroad industry to bargain for 401(k) plans on a union-by-union bases.

This proposal, endorsed by labor and management, would grant individual unions the flexibility to bargain for the creation of cash or deferred compensation arrangements, known as 401(k) plans, for union members.

Seventeen separate unions represent factions in the railroad industry. This legislation would give each union the power to bargain for such benefits and to tailor a plan to a union's particular needs; 9 of the 17 unions have indicat-

ed an interest in establishing 401(k) plans.

The current Tax Code prevents unions from bargaining separately for cash or deferred compensation arrangements. As a consequence, railroad employees are denied the opportunity to participate in such plans.

I applaud Senator DIXON's efforts on behalf of our Nation's railroad employees.

Thank you, Mr. President.

Mr. COATS. Mr. President, for a great many years, the employees of many industries in this country have had the opportunity to negotiate for, and participate in, 401(k) pension plans—but not the men and women who work in our Nation's railroad industry.

The 401(k) pension plans allow employees who choose to participate in the program to contribute a percentage of their wages to the plan on a pretax basis. The growth and income of the plan's investments accumulate on a tax-deferred basis allowing for a much faster buildup of the participant's pension fund. The tax-favored treatment of 401(k) pension plans contribute greatly to an employee's ability to accumulate needed funds on which to plan a secure retirement when his or her working days are through.

Today, the United States has one of the lowest savings rates of the industrial democracies. This low savings rate acts as an impediment to faster capital growth which the Nation desperately needs to keep pace with our economic competitors. As part of our Nation's economic policy, we should promote and encourage people to save and invest for their future.

Giving railroad employees the right to bargain for 401(k) plans, as so many other workers already have, is the right thing to do because it is fair and equitable; it is also the right thing to do because it encourages savings and investment, which is a good economic policy for an America which has been so reluctant to save for her future.

I therefore ask my fellow Senators to join me in support of the bill introduced by my distinguished colleague from Illinois, Senator DIXON, which would amend the Internal Revenue Code of 1986, thereby allowing collective bargaining by railroad employees for 401(k) pension plans.

Thank you.

By Mr. DASCHLE (for himself, Mr. ROCKEFELLER, Mr. INOUYE, Mr. MATSUNAGA, and Mr. BURDICK):

S. 1384. A bill to amend title XVIII of the Social Security Act to provide direct reimbursement under part B of Medicare for nurse practitioner or clinical nurse specialist services that are provided in rural areas; to the Committee on Finance.

RURAL NURSING INCENTIVE ACT

● Mr. DASCHLE. Mr. President, I rise today to introduce the Rural Nursing Incentive Act, a bill that will provide direct Medicare payments to certified nurse practitioners and clinical nurse specialists who provide medical services in rural areas. The ultimate goal of this measure is to enhance the availability of health care services for citizens in rural areas across this country.

Today, many rural Americans are forgoing essential health care services because physicians and other health care professionals just aren't available in their communities. Although rural America is home to 25 percent of the population and 33 percent of the elderly, only 12 percent of our Nation's physicians reside in rural areas. As more of our small, rural hospitals are threatened with closure, it becomes increasingly difficult for rural communities to attract and retain physicians. This means that many families residing in rural States like South Dakota must worry whether a physician will be available should a medical emergency arise.

To address this rural physician shortage, I have introduced legislation to improve the National Health Service Corps, a program that was successful in placing hundreds of physicians in many rural communities and Indian reservations across this country. I view this legislation as one step in improving access to health care for our Nation's rural citizens. Another important step we must take is one to enhance our strategies to better utilize other health care professionals, like nurse practitioners and clinical nurse specialists, in rural areas.

The growth of nurse practitioners and clinical nurse specialists occurred, largely, in response to the limited accessibility of basic medical services in rural areas where primary care physicians were reluctant to locate. In fact, the stated purpose of the early training programs for nurse practitioners and clinical nurse specialists was to improve access to primary health care for people in areas without enough physicians. Today, many nurse practitioners and clinical nurse specialists with advanced training in geriatric care have demonstrated their ability to provide care for a rural elderly population with chronic health problems.

Because of their advanced clinical training, nurse practitioners and clinical nurse specialists are licensed to perform medical duties beyond those of traditional nurses and can assume responsibility for most of the primary care services usually performed by physicians. Studies indicate that between 75 and 80 percent of adult primary care services could be performed by nurse practitioners and clinical nurse specialists.

An OTA study entitled the Cost and Effectiveness of Nurse Practitioners, found that nurse practitioners and clinical nurse specialists provide care that is equivalent in quality to the care provided by physicians for similar problems. Studies also suggest that nurse practitioners and clinical nurse specialists are particularly adept at communicating effectively with patients. Moreover, nurse practitioners and clinical nurse specialists continue to rate very high in patient satisfaction.

In addition to providing quality care, nurse practitioners and clinical nurse specialists are cost-effective. Recognizing this point, the Department of Defense's CHAMPUS program has for more than a decade provided direct reimbursement to nurse practitioners. Currently, 15 States have passed legislation requiring health insurers to reimburse nurse practitioners directly for their services. These States recognize the potential cost-savings that can be passed on to their resident through utilization of nurse practitioner and clinical nurse specialist services.

The poor and elderly in South Dakota like other rural States are especially dependent on the services of nurse practitioners and clinical nurse specialists. Many residents of isolated rural communities forgo essential primary care because they cannot afford to travel the distance required to see a family physician.

The legislation I am introducing today recognizes that better utilization of certified nurse practitioners and clinical nurse specialists in rural areas will help fill these gaps in our health care system. Under direct Medicare reimbursement, nurse practitioners and clinical nurse specialists practicing independently could provide essential primary care services to meet the primary health care needs of residents in rural communities.

There is growing support for the concept of providing Medicare reimbursement to nurse practitioners and clinical nurse specialists in rural areas. In a June 16 letter to Senator LLOYD BENTSEN, chairman of the Senate Finance Committee, 48 of my colleagues on the Senate Rural Health Caucus expressed support for providing direct Medicare reimbursement to nurse practitioners and clinical nurse specialists in rural areas. Nearly half of the members in this Senate Chamber recognize the nurse practitioners and clinical nurse specialists are an important provider of primary care services to the high proportion of elderly who live in rural areas.

For years, nursing professionals have shared the responsibility of providing medical care services in rural areas across this country. It is time that Medicare recognize, like other

third-party payers, the quality and cost-effectiveness of care nurse practitioners and clinical nurse specialists provide. Most importantly, the elderly who reside in rural areas across this country should not be denied access to essential primary care services provided by nurse practitioners and clinical nurse specialists. As we look ahead to health care in the 1990's, it is critical that we develop health care policies that effectively utilize the professional skills of both physicians and nurse practitioners.

Mr. President, I ask unanimous consent that a brief summary of the bill be printed in the RECORD.

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

THE RURAL NURSING INCENTIVE ACT OF 1989

CURRENT LAW

Nurse practitioners and clinical nurse specialists are registered nurses who hold a master's degree in a nursing specialty such as geronotology, pediatrics, women's health and family medicine. Because of their advanced education, nurse practitioners and clinical nurse specialists are licensed to perform medical duties beyond those of traditional nurses and can assume responsibility for many of the primary care services usually provided by physicians. Nurse practitioners and clinical nurse specialists must be licensed by the state which they work. Most state laws allow nurse practitioners and clinical nurse specialists to work "in collaboration" with a physician.

Today, nurse practitioners and clinical nurse specialists do not receive reimbursement from Medicare when they provide medical services to the elderly. However, an exemption has been granted to those nurse practitioners who provide services in rural health care clinics. These nurse practitioners are eligible to receive Medicare payments indirectly. When a nurse practitioner provides care in a rural health care clinic, the Medicare payment for his/her service goes to the clinic rather than the nurse practitioner.

DASCHLE PROPOSAL

Senator Daschle's bill would provide direct Medicare payments to certified nurse practitioners and clinical nurse specialists who provide services in rural areas. Direct Medicare payments would enable certified nurse practitioners and clinical nurse specialists to set up *independent* practices in rural areas. Below are the specifications for Senator Daschle's proposal:

Certified nurse practitioners and clincal nurse specialists who provide services in rural areas would receive direct Medicare reimbursement for the services they are licensed to perform in the state in which they work.

Services would be reimbursed at an amount equal to 75% of the prevailing charge in the area for the services of participating physicians.

Certified nurse practitioners and clinical nurse specialists who receive Medicare reimbursement will be required to take assignment.

Beneficiaries will not be required to pay a copayment for services provided by a certified nurse practitioner or clinical nurse specialist.

RATIONALE

Today, many rural Americans are forgoing essential health care services because physicians and other health care professionals just aren't available in their communities. As more of our small, rural hospitals are threatened with closure it becomes increasingly difficult for rural communities to attract and retain physicians.

Senator Daschle's bill recognizes that better utilization of certified nurse practitioners and clinical nurse specialists in rural areas will help fill these gaps in our health care system. Under direct Medicare reimbursement, nurse practitioners and clinical nurse specialists practicing independently could provide essential primary care services to meet the primary health care needs of residents in rural communities.●

By Mr. LOTT (for himself, Mr. COCHRAN, Mr. THURMOND, and Mr. GRAHAM):

S. 1385. A bill to establish a tropical cyclone reconnaissance, surveillance, and research program under the joint control of the Secretary of Defense and the Secretary of Commerce; to the Committee on Commerce, Science, and Transportation.

TROPICAL CYCLONE RECONNAISSANCE, SURVEILLANCE, AND RESEARCH PROGRAM

● Mr. LOTT. Mr. President. Without a doubt, hurricanes and severe storms are among the most imminent and destructive forces in all of nature. For months each year, severe storms threaten our Nation. Each year some of our cities and towns are victims of a combination of wind and rain that often leaves an area looking like a war zone after the battle.

Fortunately, much loss of life and destruction of property has been prevented by early warning systems. The successful teamwork of NOAA weather forecasters and the United States Air Force Hurricane Hunter reconnaissance flights have given our citizens the fighting chance they need to be prepared.

The bill Mr. COCHRAN, Mr. GRAHAM, Mr. THURMOND, and I propose today, is a companion to H.R. 2479, introduced by Representative TOM LEWIS. This bill was initiated after much bipartisan administrative effort, and is designed to ensure that the present and highly successful partnership between NOAA forecasting and military reconnaissance flights is allowed to continue uninterrupted.

The Administrator of NOAA and prominent weather forecasters have made clear that hurricanes cannot be accurately tracked without use of manned reconnaissance flights, and that NOAA does not have the infrastructure to properly handle the number of WC-130's and crews necessary to do the job. Satellite technology was once thought sufficient to replace manned flights, and has proven helpful, but is not as accurate as the Hurricane Hunters, and is particularly insufficient where islands are present to complicate storm movement.

Last year, during Hurricane Chris, satellite data incorrectly showed the center of the hurricane to be 114 miles off of the Florida coast. In actuality, however, the destructive forces of a major hurricane were a mere 58 miles from the citizens of Florida. Fortunately, the Hurricane Hunter crews correctly fixed the storm's center and the National Hurricane Center provided correct information as usual. This incident was too close for comfort and the difference in warning time could have meant the difference between life and death. Of course, satellite data alone becomes even more pressing and even more dangerous when like today, due to break-downs, only one of these satellites is operational for the entire United States, including Alaska and Hawaii and all of the territories.

It would seem obvious that giving our constituents an early warning of a severe storm and giving them a fighting chance to prepare is one of the most basic and important protective duties the Federal Government can fulfill. There is no more truly bipartisan issue than the weather itself, and the history of the Hurricane Hunters shows that there is no unit with a more proud tradition nor any unit that is more popular with the public. Yet, each year the Congress of the United States must go through the process of passing legislation, and the President must sign it, to keep this vital service in business. Its cost is very small for the protection it provides and, in relief funds alone, think of the dollar savings early warnings provide by giving people time to get boats out of the water, board houses, build flood walls and, most importantly, leave town.

This is an issue of national security, and early warnings from severe storms deserve every bit as much teamwork and combined forces as the war on drugs or national emergencies. I am a strong supporter of our Nation's defenses, and as one whose home sits on the Mississippi coast, I can tell you that people have just as much fear of a hurricane than they do for the forces of any hostile nation.

Manned reconnaissance flights together with satellite and other weather forecasting technology—"A stitch in time does save nine." Since we've already got an effective, fiscally sound program, let's improve on it if we can, but above all let's keep a good thing going. And, let's keep it going for more than just 1 year at the time.●

By Mr. PRYOR (for himself, Mr. RIEGLE, Mr. COHEN, and Mr. DANFORTH):

S. 1386. A bill to amend title XIX of the Social Security Act to preserve payment for daytime habilitation services under such title; to the Committee on Finance.

PAYMENT FOR DAYTIME HABILITATION SERVICES

● Mr. PRYOR. Mr. president, I rise today to introduce a bill, along with Senators RIEGLE, COHEN, and DANFORTH that will help preserve a range of important community-based services provided under the Medicaid Program for mentally retarded and other developmentally disabled persons.

In some 19 States, my home State of Arkansas among them, the Medicaid Program is providing what are called habilitative services to mentally retarded and other developmentally disabled persons. These services are usually provided to persons living at home or in small community-based settings, and are designed to enable those receiving them to attain their highest level of functioning—in other words, to help them to live as independently and fully as possible. Habilitation services include training in the skills of daily living, such as dressing and personal hygiene, and socialization skills. They can also include prevocational or vocational training, which teach the skills necessary to learn and perform a job.

Because most Medicaid funding for care for the developmentally disabled is for institutional care, day habilitation services are particularly important, as they provide community-based care. Although the Medicaid section 2176 waiver program offers community-based care for this population, the day habilitation services that are reimbursable under Medicaid's clinic services or rehabilitative services option can be provided without most of the strings that are attached to the 2176 waivers. These services have proven to be extremely successful in Arkansas, where they have been provided since 1983, presently serving approximately 1,700 very disabled people. Unfortunately, the Health Care Financing Administration [HCFA] has recently taken steps to stop funding for day habilitation services except in an institutional setting or under a 2176 waiver program.

In May, the Arkansas Department of Human Services received a letter from HCFA stating that the State's Medicaid plan for the provision of these services under the clinic option "appears to have been inappropriately approved." In a January letter written to the Maine Department of Human Services, HCFA states that they are reviewing "the circumstances under which habilitation services are reimburseable under Medicaid" in regions across the country. To the best of my knowledge, Arkansas and Maine are the only States which have received official notices of disallowance to date. However, there appears to be little question that HCFA intends to prohibit the provision of these services in all the States that are currently providing them under the clinic or rehabilitation option. In other words, HCFA will only allow the provision of these services in institutions for the mentally retarded [ICF/MRs] and under the 2176 waiver program.

HCFA's rationale for this disapproval is that "there is no basis for funding specialized habilitative services designed to aid the development of the mentally retarded under the definitions of clinic and rehabilitative services. * * *" This is stated despite the fact that these services have been approved by HCFA in several States. In fact, Arkansas, with HCFA's approval, has been providing day habilitation services under the clinic option for nearly 6 years. The denial of Federal funds for these services means a loss of $8.5 million to Arkansas, which is a sum of money our State coffers can clearly not absorb. This backdoor approach, which circumvents the normal process of publishing notice of major policy changes in the Federal Register, would mean the disruption of vitally-needed services to thousands of mentally retarded and other developmentally disabled citizens across the country.

The bill that I am introducing today would prohibit the Secretary of the Department of Health and Human Services from denying Medicaid payment for day habilitation and related services prior to October 1, 1992 for those States with plans approved on or before June 30, 1989. It would also require the Secretary to promulgate a regulation, following a notice of proposed rule-making and a period of at least 60 days for public comment, that specifies the types of day habilitation services that a State may cover, and the requirements for that coverage. Because this bill concerns those services which are currently available, and does not represent any expansion, it is budget neutral. Senator COHEN introduced a related bill on Tuesday, of which I am an original cosponsor, that takes a slightly different, but complementary, approach to this problem. It would allow States to expand their 2176 waivers to include those persons who would be affected by the loss of these services.

My bill would give those States with existing day habilitation services programs under the clinic or rehabilitation option the opportunity to preserve their programs, at least for the next 3 years. It is my hope that by that time, we in Congress will have carefully considered reforms to the way that Medicaid cares for the developmentally disabled.

The developmentally disabled and their families should have a broad range of options—in the community and in institutions—available to them. The current Medicaid Program provides little outside of the institution, and HCFA's recent actions further entrench the Medicaid Program's institutional bias. I urge my colleagues to join me in supporting this important, community-based program.●

By Mr. HARKIN (for himself, Mr. LEAHY, Mr. LUGAR, Mr. CONRAD, Mr. GLENN, Mr. DURENBERGER, Mr. DASCHLE, Mr. BURDICK, Mr. MATSUNAGA, Mr. BOND, and Mr. GRASSLEY):

S. 1387. A bill to authorize a research program for the modification of plants and plant materials, focusing on the development and production of new marketable industrial and commercial products, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

ALTERNATIVE AGRICULTURAL PRODUCTS RESEARCH ACT

Mr. HARKIN. Mr. President, Senators LEAHY, LUGAR, CONRAD, GLENN, DURENBERGER, DASCHLE, BURDICK, MATSUNAGA, BOND, and I are pleased to introduce today the Alternative Agricultural Products Research Act of 1989. Our bill would authorize a major research program designed to explore the modification of plants and plant materials to make possible the development of new marketable industrial and commercial products. The bill would authorize the research that is necessary to diversify agriculture, thereby reducing surpluses, increasing farm profits, reducing Federal crop subsidies and other Government agricultural assistance program costs. It is intended to be an aggressive, positive mechanism for dealing with the overproduction of traditional commodities and the periodic shut-down of major portions of our agricultural "factory."

For some time, many of my colleagues and I have been interested in encouraging diversification in the agricultural economy. It is the intent of this act to facilitate this process through a substantial, accelerated R&D program.

Senators LEAHY and LUGAR, the chairman and ranking member of the Agriculture Committee, have been strong advocates of the goals expressed in this legislation and I am very pleased that they have cosponsored this measure. Senator CONRAD, who chaired the Research Subcommittee in the last Congress, has taken a special interest in this area. He has introduced legislation complementary to this measure relating to the commercialization of nonfood agricultural products. Senator BOND, who was the ranking member in the last Congress is also a cosponsor. Senator GLENN has long been active in this area and has shown tremendous leadership. Senator DASCHLE, the new chairman of the subcommittee with jurisdiction over this measure has also been very supportive and is a cosponsor. Many other Senators are actively promoting this concept.

In the last Congress, I introduced a bill similar to the measure I am proposing today. That bill passed the Senate, but, unfortunately, it met some difficulty in the House. A number of changes have been made that should address the concerns that were raised by Members of the other body.

We are all aware of the fact that our agricultural factory, with its level of technology, superior natural resource base, and the amazing productive capacity of the American farmer, can outproduce most of the other countries of the world combined. Such a reality is both a blessing and a curse. The blessing, of course, is that we can meet all of our Nation's food and fiber needs with ease and at a low cost. The down side is that we can, and do, overproduce. The result has been the lowering of the value of both our commodities and our land.

In the long term, the agricultural problem is more than a question of production levels or of export markets. It is also a problem of insufficient diversification. We lack diversification in many areas of the country where only a few commodities are produced. We also lack diversification in the range of end uses for which our agricultural commodities might be used.

As our capacity to produce traditional commodities such as corn or soybeans increases, our farmers face three choices. First, there can be greater and greater levels of production in excess of demand, but this means lower prices that will not cover the costs of production. Second, we can leave part of our farmland idle. Or, we can find new uses for our crops. I believe that the last option is the best solution. It is a solution that will take many years to implement. This bill would get us on the right track and help to move us in the right direction.

USDA is all too often directed at improving yields of existing crops. While it is important to remain competitive, we must recognize the problems that go along with overproduction. During the last Congress, we gathered testimony showing that the USDA research budget is minimally oriented toward finding new commercial and industrial products from agricultural materials. This bill would change that.

I see a day when new plants will be designed for specific end uses, or process conditions. Most of these plants will still be used for the traditional purposes—human or animal food and other current uses. But, something extra would be added so that commodities could be used to produce new, high-value products. I believe it will be possible, with the mapping of the genetic structure of corn, wheat, soybeans and other feedstocks, to bioengineer new industrial oils, new proteins, and new chemicals. This type of diversification is necessary to set the stage for a more competitive agricultural system.

The development of these new technologies for agriculture will require new knowledge. Systematic developments of new plants and the modification of existing plants to produce new products is now within our capability. What is needed is a large scale, multiyear research program directed toward the ultimate development of a more diverse agricultural system.

This bill would provide for a $10 million research initiative in 1990, $20 million in 1991, $30 million in 1992. $50 million in 1933 and $75 million for the following 15 years. The amount of funding suggests the scope of the problems to be tackled. The length of the authorization implies the need for a sustained effort over a period of time sufficient to study and engineer a number of new agricultural products.

It is the goal of this legislation to create a healthier rural economy and a stronger American industry by expanding the marketplace for agricultural materials. Creating new materials is important. But, it does no economic good if those new materials sit on the shelf. The research authorized by this bill would encompass the fundamental research necessary to have the knowledge to create a product and the specific applied research to develop a specific plant modification, the purification of plant materials and all of the processes needed to bring new products into existence at an economically viable cost including research on the methods of producing the material in commerical quantities and problems that farmers may have in cultivating a new crop, and the characterization of new materials. Only commercialization would remain.

I would also note that the goal of finding new alternative uses for crops is a goal of government-funded research in many countries overseas. Many countries have established substantial applied research projects to find new uses for their crops. And, if they accomplish that task, in many areas, that success may place us at a competitive disadvantage.

It is time to greatly expand biotechnology and bioprocessing research. It is time to make the best use of one of America's greatest resources: Its farm land. This bill sets that process in motion.

I need not tell the Senate about the cost of agricultural assistance programs and how even a relatively small increase in farm prices would save the Treasury billions of dollars.

We must mobilize the incredible advances that have occurred in biotechnology, chemistry, and in other fields to create a whole new range of products that farmers will produce or that can be made from agricultural materials. These products will not be a somewhat different food, a new improved version that can stay on the shelf for a longer period or be a somewhat better animal feed, something that one farmer can produce that will simply squeeze the producers of another farm product. We can create new products that will be used in industry and in general commerce. I am talking about industrial oils, biodegradable plastics, and a host of other materials that can come directly from plants or be manufactured from plant products.

Perhaps the largest area of application for new products would be in the production of alternatives to petroleum-based products. A plant oil could be developed for use in the manufacture of plastics, lubricating oils, and as a source of energy. If acetate could be made from corn rather than fossil fuels, we would be talking about using 22,000 square miles of corn for this purpose. Now, I do not expect that to happen soon. I do not expect a complete takeover of the market. But, I believe that we can, in a decade, start to see a fair share of that market go to corn.

The importance of developing new modifications of plants, new uses for plant materials and even new types of plants is obvious when one considers the extensive acreage in the United States that is being placed in the set-aside program or the agricultural conservation reserve. A major portion of our agricultural factory is shut down. Although it is possible that some calamity might require that this acreage be brought into production for traditional commodities, it is highly unlikely that there will be a need for a substantial increase in the production of traditional crops over the long term. It is time to consider those types of industrial and commercial products that our country needs and to utilize our expertise in molecular biology to develop new crops that could be grown on lands not currently needed for traditional commodities.

This research effort could provide the equivalent of a new major crop for the Corn Belt like we saw with the introduction of soybeans. Other parts of the country would also have an opportunity to benefit in the same way.

I believe that the logic of significantly increasing research and other efforts in this area has become clear in the 2 years since I introduced similar legislation.

I am pleased that both Secretary of Agriculture Yeutter and the Assistant Secretary of Agriculture for Education and Research, Charles Hess, have both indicated support for increasing funds in this area.

I note that the Senate Agriculture Appropriations Subcommittee is proposing report language directing the Agricultural Research Service to make progress toward redirecting $50 mil-

lion to nonfood product research as funds become available from other commitments. I am very pleased with the strong statements being made by the Appropriations Committee on this subject. Such a shift will take a number of years to implement and it may not occur without a specific authorization. I believe that we should pass this measure to ensure that there will be an administrative structure that can most effectively implement this important priority.

WHAT DOES THE BILL PROVIDE FOR?

The bill establishes a board with representatives from USDA, the National Science Foundation, and the Department of Commerce.

This board is to establish likely successful targets for research. It will examine proposals for the research, make recommendations for funding and follow the progress of the research. Individual applications will be reviewed by peer review committees which will make a recommendation to the board.

The research is to cover the development of the product from needed fundamental research to the most specific applied research marketplace. All too often basic research is done and it simply sits on the scientist's shelf. Research under this program is designed to produce results that can be taken into the field and used.

Projects are to be selected on the basis of six criteria:

First, what is the prospect of developing the technologies that will allow us to provide an economically viable quantity of the new product;

Second, the size of the potential market for the new product. We need to find products that will take a substantial number of acres to produce the material and we will want a market that can make the Government's investment worthwhile;

Third, the likely impact on reducing Federal crop subsidies and other agricultural assistance program costs;

Fourth, the lack of available non-Federal funding sources;

Fifth, the likely positive impact on resource conservation and the environment; and,

Sixth, the likely ability to help small farms and communities near the affected agricutural areas.

Each project may be undertaken by colleges and universities, private companies, Federal research labs or State agricultural experiment stations. However, in many cases, contracts would go to a consortium of organizations that can conduct the necessary research to bring a new product to the marketplace.

Through cooperation with industry, products that have the greatest potential for economic development can be identified. Through cooperation of the best scientists in our colleges, universities, Federal agencies, and industry these projects can be addressed in a manner that will assure success.

I believe that this bill can truly change the face of rural America. It can make farming profitable again without Government assistance. And, it can help to reduce our Nation's dependence on foreign oil.

I urge my colleagues to support the Alternative Agricultural Products Research Act.

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. 1387

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 "Alternative Agricultural Products Research Act of 1989".

SEC. 2. PURPOSE.

It is the purpose of this Act—

(1) to authorize research in the modification of plants, and plant materials, and associated research, in order to develop and produce marketable products other than food, feed or traditional forest or fiber products; and

(2) to establish an independent New Products Research Board to advise the Assistant Secretary of Agriculture for Science and Education, with respect to selection criteria for, and scientific feasibility of, prospective research projects under this Act.

SEC. 3. DEFINITIONS.

As used in this Act:

(1) ASSISTANT SECRETARY.—The term "Assistant Secretary" means the Assistant Secretary of Agriculture for Science and Education.

(2) BOARD.—The term "Board" means the New Products Research Board established under section 4.

(3) DEVELOPMENT.—The term "development" means targeted research, including fundamental research and applied research necessary to make a product available for the marketplace and necessary research on the plant or modification of plant materials, new methods, if any, needed to cultivate the plant, the commercial separation and purification of the new product, and any research on the uses of the new product.

(4) NEW PRODUCT.—The term "new product" means an item developed through a research project that is primarily not food, feed or traditional forest or fiber product, including an item that exists but is not commercially available from a plant.

(5) RESEARCH PROJECT.—The term "research project" means a project authorized and funded by the Secretary that is directed toward the development of a new marketable industrial or commercial product, other than a food, feed or traditional forest or fiber product, through biotechnology or other modification of a plant, and includes all of the various research tasks necessary to develop a new product.

(6) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(7) TRADITIONAL FOREST OR FIBER PRODUCT.—The term "traditional forest or fiber product" means a forest or fiber product that does not have substantial new properties and that is derived from agricultural materials.

SEC. 4. NEW PRODUCTS RESEARCH BOARD.

(a) ESTABLISHMENT.—There is established in the Department of Agriculture the New Products Research Board to be administered as an independent entity under the direction of the Assistant Secretary for Science and Education.

(b) FUNCTIONS.—The Board shall advise the Secretary—

(1) on specific targets of opportunity for research that most closely meet the selection criteria required for a project to be eligible for funding under this Act;

(2) on the composition of peer review committees to examine the merits of specific proposals for research projects that have been solicited by the Secretary, and on the composition of advisory boards;

(3) on recommendations for the funding of specific proposals for research projects and

(4) concerning progress made in carrying out projects that are currently being undertaken.

(c) MEMBERSHIP.—

(1) APPOINTMENT.—The Board shall consist of 7 members, of which—

(A) three members shall be appointed by the Secretary, at least one of which shall have expertise in—

(i) applied agricultural research; and

(ii) the marketing and development of commercial products;

(B) two members shall be appointed by the Director of the National Science Foundation, at least one of whom shall have expertise in appropriate areas of applied research;

(C) two members shall be appointed by the Secretary of Commerce, at least one of which shall have expertise in the marketing and development of commercial products; and

(D) not more than half of such members shall be employees of the Federal government.

(2) TERM OF SERVICE.—

(A) IN GENERAL.—The term of a member of the Board shall be at the discretion of the appointing authority, except that a member may not serve more than 3 years.

(B) ROTATION OF TERMS.—

(i) SECRETARY OF AGRICULTURE.—The terms of the initial appointees of the Secretary of Agriculture shall be for periods of 1, 2 and 3 years respectively, as designated by the Secretary.

(ii) DIRECTOR OF THE NATIONAL SCIENCE FOUNDATION.—The terms of the initial appointees of the Director of the National Science Foundation shall be for periods of 2 and 3 years respectively, as designated by the Director.

(iii) SECRETARY OF COMMERCE.—The term of the initial appointees of the Secretary of Commerce shall be for periods of 1 and 3 years respectively, as designated by the Secretary of Commerce.

(3) VACANCIES.—A vacancy on the Board shall be filled in the manner in which the original appointment was made.

(4) CHAIRMAN.—The Assistant Secretary shall designate one of the members of the Board as Chairman of the Board.

(5) EXPENSES.—All members of the Board shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

(6) MEETINGS.—The Board shall meet at the call of the Chairman or a majority of its members.

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(d) PERSONNEL AND SERVICES.—The Board may appoint personnel and procure permanent, temporary, and intermittent services, as it considers necessary, under section 3109 of title 5, United States Code, at rates for individuals that do not exceed the rate prescribed for GS-18 of the General Schedule under section 5332 of such title.

(e) PEER REVIEW.—The Board shall establish peer review committees of technical experts who shall review each project proposal based on technical review and report the results of such reviews to the Board.

(f) EXPERTS.—The board shall establish advisory boards of farm and industry representatives, to advise the Board on matters that are determined to be appropriate by the Board.

(g) RULES AND REGULATIONS.—The Board is authorized to propose rules and regulations to the Secretary, and may promulgate procedures, that may be necessary to carry out the functions of the Board.

(h) DEPARTMENT OF AGRICULTURE RESOURCES.—The Board is authorized to utilize, with the consent of the Secretary, the services, equipment, personnel, information, and facilities of the Department of Agriculture, with or without reimbursement.

(i) HEARINGS.—The Board may, for the purpose of carrying out this Act, hold such hearings, and sit and act at such times and places, as the Board considers appropriate.

SEC. 5. RESEARCH PROJECTS.

(a) AUTHORIZATION.—The Secretary, on a recommendation from the Board, shall select projects that are to receive funding under this Act, for purposes of research to develop and produce new products.

(b) APPROPRIATE PROJECTS.—

(1) DEVELOPMENT.—Each project shall target development of a new crop, or modification of an existing agricultural material, that meets the criteria listed in paragraph (2).

(2) CRITERIA.—Projects should be selected on the basis of—

(A) the prospect of developing technologies that could make it possible to use or modify existing plants, or plant products to provide an economically viable quantity of new products;

(B) the potential market size of the new product, the likely time period needed to bring the new product into the stream of commerce for general use, and the likely ability to cultivate the plant used to produce the product at a profit;

(C) the likely impact on reducing Federal crop subsidies and other Federal agricultural assistance program costs;

(D) the likely unavailability of appropriate funding from non-Federal sources;

(E) the likely positive impact on resource conservation and the environment; and

(F) the likely positive effect of helping small farms and communities near the affected agricultural areas.

(c) FUNDING.—

(1) PURPOSE.—Funding shall only be provided under this Act to those projects that have as the principal purpose the development of new products, with priority given to biotechnological research projects.

(2) CONSORTIA.—The Secretary may fund projects proposed by consortia.

(3) LIMITATION.—No funds authorized to be appropriated under this Act shall be used to plan, repair, rehabilitate, acquire, or construct a building or facility.

(4) PERIOD OF FUNDING.—Funding—

(A) shall cover the proposed research necessary for not less than 3 years, or until a marketable product is developed or determined to be unattainable or unnecessary; and

(B) may be extended, subject to satisfactory review, for additional 3-year periods or until a marketable new product is developed or determined to be unattainable or unnecessary.

(d) CONTRACTS.—The Secretary may sign contracts that assign research responsibilities to an appropriate consortium or other entity capable of conducting the appropriate research over the applicable research period.

(e) REVIEW AND REPORTING.—

(1) GRANT RECIPIENTS.—Grant recipients shall report on the progress of the group to the Board annually or as otherwise required by the Board.

(2) BOARD.—The Board shall review the progress of the projects approved by the Secretary and report to the Secretary on the projects with recommendations concerning continued research.

SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

To carry out this Act, there are authorized to be appropriated $10,000,000 for the fiscal year 1990, $20,000,000 for the fiscal year 1991, $30,000,000 for the fiscal year 1992, $50,000,000 for the fiscal year 1993, and $75,000,000 in each of the 15 fiscal years thereafter.

Mr. LEAHY. Mr. President, I am pleased to once again cosponsor the Alternative Agricultural Products Research Act. The Senate, led by our colleague Mr. HARKIN, has consistently fought for increased investment in new products research and development.

There are many grave challenges facing our agricultural sector—excess capacity; a loss of competitiveness; and shrinking export markets. It is essential that research efforts be directed toward the diversification of American forest and farmland. This bill provides critical research funding for a range of investigations beginning with the bench scientist exploring basic questions to the applied technologist refining a product before final handoff to commercial developers.

Included in the criteria for project funding is the need to consider the impact on small farms and the environment. Increasingly we must select research projects based on such criteria to ensure that our public dollars do indeed meet public needs.

The idea behind this bill is not new. As far back as 1957, Government studies targeted new crop development as an exciting and profitable way to meet industrial needs. Yet in the last three decades, our Nation has invested only a fraction of a modest Federal agricultural budget in new product development. The low, erratic level of funding for alternative crops has proven to be an insurmountable barrier.

Research in alternative agricultural uses is actively being pursued by Japan and many European countries. Our foreign competitors are funding not only the basic research necessary to develop new technologies but also the applied research necessary to ensure the development of economically viable end products.

Under this bill, the United States would secure its competitiveness by also investing in such research. The effect of this bill would be to promote a lively and fruitful exchange between basic researchers, applied researchers, and the farmers and private companies who use the technology.

The analysis is complete—the time has come to fund the research necessary to develop new products. Recent studies by the National Academy of Sciences, the Office of Technology Assessment, and the General Accounting Office all indicate the need for additional emphasis on alternative agricultural research, especially biotechnological research.

Last Congress, this bill was passed unanimously by the Senate Committee on Agriculture, Nutrition, and Forestry, and subsequently by the Senate three times. Unfortunately agreement was not reached with our House colleagues on details of the bill before the close of the 100th Congress.

I look forward to working with Senator HARKIN on this legislation. Senator CONRAD has introduced legislation in this important area as well and his bill, S. 621 in many ways complements the bill we introduce today. One of the early challenges for the members of the Agricultural Research Subcommittee and their chairman Senator DASCHLE, will be to work with Senators HARKIN and CONRAD and the many committed members of our committee to develop a streamlined, coordinated approach to new product development.

Not unlike other industries, our agricultural sector must either innovate or perish; our research agenda must reflect our changing world. We want America to lead in international applications of new agricultural technologies. This bill will provide the resources necessary to develop new markets for our farmers.

Mr. CONRAD. Mr. President, I am pleased to cosponsor Senator HARKIN's legislation entitled the "Alternative Agricultural Products Research Act of 1989." My good friend and colleague, Senator HARKIN, is a leader in the Senate's effort to establish a Federal policy which encourages the development of new uses for agricultural commodities, and I commend him for introducing this important legislation.

I share Senator HARKIN's conviction that the development and commercialization of new uses for agricultural commodities represents one of the brightest opportunities for rural economic development today. Let me just list some of the benefits I foresee. The development of new uses will expand the demand for our abundant agricultural resources, thereby benefiting farmers and the rural businesses which serve them. It will ensure that

we fully benefit from research dollars by moving these basic research ideas into the marketplace. The manufacturing of these products will bring new businesses to rural communities, thereby creating good jobs and increasing economic activity. In addition, the development of these products will help address our national concerns about the trade deficit, the environment, and the limited supply of nonrenewable resources.

Mr. President, I am convinced that these benefits will not be realized until we have a national commitment to develop and commercialize these new uses. This fact is evidenced by a 1987 report by the new farm and forest products task force established by the U.S. Department of Agriculture. Their report concluded that the private sector alone cannot overcome the obstacles which impede the development and commercialization of these new products. The risk is too high, the expense too great, and the projects too long term, to gain the acceptance of stockholders. Therefore, the successful development of these products requires a partnership among the Federal Government, the private sector, and State and local government. This unified effort will succeed because it is targeted to one goal: getting the new uses product ideas off the laboratory shelf and onto the market shelf.

Other countries have recognized the need for a strong government role in the development and marketing of new products, and regularly focus government resources on the task. If the United States is to compete, we must be willing to do the same.

Senator HARKIN's legislation establishes this vital commitment by creating a source of competitive, peer-reviewed funding for the research needed to prepare these products for the marketplace.

With the support of Senator HARKIN, I have introduced legislation which is the logical extension of this research effort. My bill would establish the Agricultural Research Commercialization Corporation [ARCC], which would ensure that these products are brought to the marketplace. ARCC will provide business financing and technical assistance to start up businesses to produce and market these new products.

It is my hope that Senator HARKIN and I can combine our initiatives into a full-scale public/private partnership to develop new uses at the laboratory bench and take them to the marketplace.

Mr. President, I strongly support this bill, which passed with the overwhelming support of the Senate three times in the 100th Congress. I think it is vitally important that this Nation take advantage of the new uses opportunity, and I look forward to working with Senator HARKIN to achieve passage of both of our new-uses initiatives this year.

Thank you, Mr. President.

By Mr. HARKIN (for himself and Mr. LEVIN):

S. 1388. A bill to amend the Internal Revenue Code of 1986 to repeal the supplemental Medicare premium and to provide funding for Medicare catastrophic benefits from general receipts by extending the maximum individual income tax rate of 33 percent; to the Committee on Finance.

MEDICARE CATASTROPHIC COVERAGE SURTAX REPEAL ACT

Mr. HARKIN. Mr. President, the catastrophic bill passed last year filled a very real need for our older citizens—Medicare coverage for the high costs of a protracted illness or accident. Unfortunately, the method for financing these benefits proved to be a stumbling block.

In senior citizen town meetings across Iowa, I've heard the same theme repeated—keep the program, change the financing. Frankly, I believe this request is more than reasonable.

As a nation, we do not accept the argument that government benefits should be paid for solely by the beneficiaries. Students do not bear the total cost of their education. Farmers are not shouldered with the entire cost of farm programs. We all pay into and benefit from Social Security.

Older Americans are willing to pay into this program, but now they pay the highest marginal tax rates in our country.

On June 6, Senator LEVIN and I introduced S. 1125, the Medicare Catastrophic Coverage Surtax Repeal Act of 1989. Congressman BONIOR introduced similar legislation in the House.

As its name indicates, this bill eliminates the catastrophic surtax—or supplemental premium—entirely. But it preserves all of the benefits of the Medicare Catastrophic Coverage Act.

The revenue from the supplemental premium is replaced by extending the existing 33 percent tax rate which was effectively created in the 1986 Tax Act by the phase out of personal exemptions and the 15 percent rate to the highest income taxpayers. A family of four with taxable income from $78,350 to $208,510—and single filers with incomes between $47,000 and $109,050—in 1990 pay the extra 5 percent tax. But, those 600,000 highest earning taxpayers pay only 28 percent on their taxable income above those amounts. Our bill implements the concept that those with the highest incomes pay the highest marginal rate of tax.

Since the flat monthly premium would be preserved under our bill, the elderly would still be paying a substantial portion of the cost of the catastrophic program. The flat monthly premiums would cover about 40 percent of the program cost, higher than the 25 percent paid by the elderly under the Medicare part B program.

In recent days, a variety of proposals have been put forth to reduce benefits and increase the size of the flat monthly payment. Such proposals are regressive. They increase the cost to lower income elderly citizens and they reduce the benefits to those same people. The Harkin-Levin approach, on the other hand, is a progressive and equitable solution. Thus, it is our intention to offer a measure similar to S. 1125 as an amendment to an appropriate bill, perhaps before the August recess.

This is the first proposal to fix catastrophic financing that has wide support from senior citizen groups and organizations representing workers and retired workers. Among the groups that have already endorsed this measure are the National Council of Senior Citizens, the National Association of Letter Carriers, the National Council on the Aging, the National Committee to Preserve Social Security and Medicare, the United Auto Workers, the International Ladies' Garment Workers' Union, the American Postal Workers Union, AFSCME, the Communication Workers of America, and the Grey Panthers.

We believe it offers a straightforward, fiscally-responsible, and fair solution to the problems caused by self-financing of catastrophic care.

It offers real tax relief to older Americans by closing a loophole for wealthy taxpayers. It fixes catastrophic financing without endangering the benefits.

It's a strong, workable approach—and we urge your support. Following are a summary of the proposed amendment, a copy of the proposed amendment, and a series of statements and letters of endorsement, and I ask unanimous consent that they be printed in the RECORD.

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

S. 1388

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

TITLE —MEDICARE CATASTROPHIC COVERAGE SURTAX REPEAL

SEC. . SHORT TITLE.

This title may be cited as the "Medicare Catastrophic Coverage Surtax Repeal Act".

SEC. . REPEAL OF SUPPLEMENTAL MEDICARE PREMIUM.

(a) IN GENERAL.—Section 111 of the Medicare Catastrophic Coverage Act of 1988, is hereby repealed, and the Internal Revenue Code of 1986 shall be applied and administered as if such section (and the amendments made by such section) had not been enacted.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1988.

SEC. . EXTENSION OF MAXIMUM INDIVIDUAL INCOME TAX RATE OF 33 PERCENT.

(a) IN GENERAL.—Section 1 of the Internal Revenue Code of 1986 (relating to tax imposed) is amended—

(1) by striking the item beginning "Over $29,750" and all that follows in subsection (a) and inserting the following new items:

Over $29,750 but not over $71,900.	$4,462.50, plus 28% of the excess over $29,750.
Over $71,900	$16,264.50, plus 33% of the excess over $71,900.",

(2) by striking the item beginning "Over $23,900" and all that follows in subsection (b) and inserting the following new items:

Over $23,900 but not over $61,650.	$3,585, plus 28% of the excess over $23,900.
Over $61,650	$14,155, plus 33% of the excess over $61,650.",

(3) by striking the item beginning "Over $17,850" and all that follows in subsection (c) and inserting the following new items:

Over $17,850 but not over $43,150.	$2,677.50, plus 28% of the excess over $17,850.
Over $43,150	$9,761.50, plus 33% of the excess over $43,150.",

(4) by striking the item beginning "Over $14,875" and all that follows in subsection (d) and inserting the following new items:

Over $14,875 but not over $35,950.	$2,231.25, plus 28% of the excess over $14,875.
Over $35,950	$8,132.25, plus 33% of the excess over $35,950.",

and

(5) by striking the item beginning "Over $5,000" and all that follows in subsection (e) and inserting the following new items:

Over $5,000 but not over $13,000.	$750, plus 28% of the excess over $5,000.
Over $13,000	$2,990, plus 33% of the excess over $13,000."

(b) CONFORMING AMENDMENTS.—

(1) Subsection (g) of section 1 of the Internal Revenue Code of 1986 (relating to phase-out of 15-percent rate and personal exemption) is hereby repealed.

(2) Subsection (j) of section 1 of such Code (relating to maximum capital gains rate) is amended—

(A) by striking "28 percent" each place it appears and inserting "33 percent",

(B) by striking ", plus" at the end of paragraph (1)(B) and inserting a period, and

(C) by striking paragraph (1)(C).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1989.

SEC. . MEDICARE CATASTROPHIC BENEFITS FUNDED BY EXTENSION OF MAXIMUM INDIVIDUAL INCOME TAX RATE.

(a) IN GENERAL.—Part C of title XVIII of the Social Security Act (42 U.S.C. 1861 et seq.) is amended by adding at the end thereof the following new section:

"APPROPRIATION OF CATASTROPHIC COVERAGE RECEIPTS

"SEC. 1893. (a) IN GENERAL.—There are hereby appropriated from the catastrophic coverage receipts the following amounts in the following order:

"(1) To the Federal Hospital Insurance Catastrophic Coverage Reserve Fund (hereinafter referred to as the 'Reserve Fund'), 100 percent of the amount of the outlays made under part A attributable to the amendments made by the Medicare Catastrophic Coverage Act of 1988.

"(2) To the Federal Supplementary Medical Insurance Trust Fund (hereinafter referred to as the 'SMI Trust Fund'), the excess (if any) of—

"(A) 100 percent of the amount of outlays made under part B attributable to the amendments made by the Medicare Catastrophic Coverage Act of 1988 (other than outlays described in paragraph (3)(A)), over

"(B) the aggregate catastrophic coverage monthly premiums imposed under section 1839(g).

"(3) To the Federal Catastrophic Drug Insurance Trust Fund (hereinafter referred to as the 'CDI Trust Fund'), the excess (if any) of—

"(A) 100 percent of the amount of outlays made for benefits and administrative costs relating to covered outpatient drugs, over

"(B) the aggregate prescription drug monthly premiums imposed under section 1839(g).

"(4) To the general fund in the Treasury, the outstanding unpaid balance of amounts appropriated pursuant to subsection (b), plus interest on such amounts in such amount as the Secretary of the Treasury determines was lost by reason of such appropriations.

"(5) To the SMI and CDI Trust Funds, the balance of catastrophic coverage receipts after application of the preceding paragraphs in an amount to each such Trust Fund which bears the same ratio to such balance as—

"(A) the outlays described in paragraphs (1) and (2)(A) or paragraph (3)(A) (whichever applies), bears to

"(B) the total outlays described in all such paragraphs.

"(b) ADDITIONAL APPROPRIATIONS.—If the aggregate amount to be appropriated under paragraphs (1), (2), and (3) of subsection (a) exceeds the catastrophic coverage receipts, there is hereby appropriated from the general fund in the Treasury the amount of such excess. Such amount shall be appropriated to each of the Trust Funds described in such paragraphs in the same manner as catastrophic coverage receipts.

"(c) ESTIMATES BY SECRETARY.—The amounts appropriated by subsections (a) and (b) shall be transferred from time to time (not less frequently than monthly) from the general fund in the Treasury to the Reserve Fund, the SMI Trust Fund, and the CDI Trust Fund, respectively, on the basis of estimates by the Secretary of the Treasury of the catastrophic coverage receipts paid to or deposited into the Treasury and on the basis of outlays (specified in subsection (a)). Proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the appropriate amounts.

"(d) DEFINITIONS.—For purposes of this section—

"(1) CATASTROPHIC COVERAGE RECEIPTS.—The term 'catastrophic coverage receipts' means the increase in Federal revenues solely by reason of the amendments made by section 3 of the Medicare Catastrophic Coverage Surtax Repeal Act.

"(2) OUTLAYS AND RECEIPTS.—The term 'outlays' and 'receipts' mean, with respect to any quarter or other period, gross outlays and receipts, as such terms are employed in the 'Monthly Treasury Statement of Receipts and Outlays of the United States Government (MTS), as published by the Department of the Treasury, for months in such quarter as other periods."

(b) MODIFICATION OF DETERMINATION OF PART B PREMIUM.—So much of subsection (g) of section 1839 of the Social Security Act (42 U.S.C. 1395r(g)) as precedes paragraph (4) thereof is amended to read as follows:

"(g)(1)(A) Except as provided in this subsection, and subsections (b) and (f), the monthly premium for each individual enrolled under this part (without regard to this subsection) shall be increased by the sum of—

"(i) the catastrophic coverage monthly premium, and

"(ii) the prescription drug monthly premium.

"(B) In the case of months beginning in 1989 through 1993, the premiums under subparagraph (A) shall be determined in accordance with the following table:

"In the case of:	The catastrophic coverage monthly premium is:	The prescription drug monthly premium is:
1989	$4.00	0
1990	4.90	0
1991	5.46	$1.94
1992	6.75	2.45
1993	7.18	3.02

"(2)(A) In the case of months in a year after 1993, the catastrophic coverage monthly premium shall be equal to 1/12 of 37 percent of the per capita catastrophic outlays which the Secretary estimates will be incurred for such year, adjusted as provided in subparagraph (B).

"(B) The Secretary shall make proper adjustments in the premium for months in a year to the extent the estimates of any amount for any preceding year were in excess or were less than the appropriate amount (and not otherwise taken into account under this subparagraph).

"(3) In the case of months in a year after 1993, the prescription drug monthly premium shall be determined under rules similar to the rules of paragraph (2); except that—

"(A) any reference to per capita catastrophic outlays shall be treated as a reference to per capita prescription drug outlays, and

"(B) any reference to the catastrophic coverage monthly premium shall be treated as a reference to the prescription drug monthly premium."

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1817A(a) of the Social Security Act (42 U.S.C. 1395i-1a(a)) is amended to read as follows:

"(2) There are hereby appropriated to the Reserve Fund amounts described in subsections (a)(1) and (b) of section 1893."

(2) Section 1841(a) of such Act (42 U.S.C. 1395t(a)) is amended by striking all matter following the second sentence and inserting the following new sentence: "There are hereby appropriated to the Trust Fund amounts described in subsections (a)(2), (a)(5), and (b) of section 1893."

(3) Paragraph (2) of section 1841A(a) of such Act (42 U.S.C. 1395t-1(a)) is amended to read as follows:

"(2) There are hereby appropriated to the Trust Fund amounts described in subsections (a)(3), (a)(5), and (b) of section 1893."

(4) Paragraph (2) of section 1841A(d) of such Act (42 U.S.C. 1395t-1(d)) is amended by striking "and under section 59B of the Internal Revenue Code of 1986".

(5) Section 1841B of such Act (42 U.S.C. 1395t-z) is amended—

(A) by striking "and section 59B of the Internal Revenue Code of 1986," and "and for purposes of section 59B of the Internal Revenue Code of 1986" in subsection (a),

(B) by striking subparagraph (A) of subsection (b)(1) and inserting the following new subparagraphs:

"(A) credited for receipts of the Federal Supplementary Medical Insurance Trust Fund attributable to the amounts described in subsections (a)(2), (a)(5), and (b) of section 1893 and the premiums under section 1839(g) attributable to the catastrophic coverage monthly premium,

"(B) debited for interest paid pursuant to section 1893(a)(4) to the extent not attributable to appropriations to the Federal Catastrophic Drug Insurance Trust Fund,",

(C) by redesignating subparagraphs (B) and (C) of subsection (b)(1) as subparagraphs (C) and (D), respectively, and

(D) by striking "and under section 59B of the Internal Revenue Code of 1986" in subsection (c)(2).

(6) The last sentence of section 1844(a) of such Act (42 U.S.C. 1395(a)) is amended by striking "or section 59B of the Internal Revenue Code of 1986".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1988.

HARKIN-LEVIN MEDICARE CATASTROPHIC COVERAGE SURTAX REPEAL AMENDMENT

Repeals entirely the Medicare catastrophic coverage supplemental premium surtax, effective 1989. Thirteen million senior citizens would receive a tax reduction.

Retains all of the benefits provided under the Medicare Catastrophic Coverage Act of 1988.

Leaves unchanged the current law affecting the basic monthly premiums that senior citizens pay under the Medicare Catastrophic Coverage Act of 1988.

Extends the existing 33 percent marginal income tax rate, which currently applies to some upper middle income and upper income taxpayers, to the highest income taxpayers, effective 1990. Under current law, the 33 percent marginal rate will apply in 1990 to families of four with taxable incomes of between $78,350 and $208,510 (and for single individuals with taxable incomes between $47,000 and $109,050). Under current law, taxable incomes above those amounts are taxed at a 28 percent marginal tax rate. Under the Harkin-Levin-Bonior Medicare Catastrophic Coverage Surtax Repeal Amendment taxable incomes above those amounts would be taxed at the 33 percent marginal tax rate. Taxes would increase for 600,000 taxpayers, which is less than one percent of total taxpayers.

Revenue neutral over 5 years, 1990-1994.

NATIONAL COUNCIL OF SENIOR CITIZENS,
Washington, DC, July 19, 1989.

Hon. TOM HARKIN,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR HARKIN: The National Council of Senior Citizens wholeheartedly endorses the legislation you have introduced, along with your colleagues Senator Levin and Representative Bonior, to repeal the surtax in the Catastrophic Health Care program. Our members feel strongly that this surtax is too expensive and that it unfairly burdens one generation of Americans in a highly discriminatory fashion.

Your legislation recognizes the inequity of the surtax and proposes to shift some of the financing burden to the wealthiest taxpayers of all ages. We believe that this is fair and, since almost all of us, one day, hope to benefit from the Medicare program, society has a basic responsibility to assist in its financing.

Finally, we are pleased that your legislation preserves all of the benefits included in the Catastrophic package. Although many of our members already have much of the protection, we recognize that many seniors across the country are not as fortunate.

I hope that you will continue to fight for the interests of America's elderly and we are anxious to work with you to enact the Medicare Catastrophic Surtax Repeal Act of 1989.

Thank you.

Sincerely,

LAWRENCE T. SMEDLEY,
Executive Director.

NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE,
Washington, DC, July 19, 1989.

Hon. TOM HARKIN,
Hart Senate Office Building, Washington, DC.

DEAR SENATOR HARKIN: The National Committee to Preserve Social Security and Medicare would like to reiterate its support for your legislation to repeal the Medicare catastrophic surtax without cutting benefits by closing a tax loophole for the very rich. We continue to support this legislation with or without the provision to lower the capital gains tax rate to 28 percent.

Seniors appreciate your leadership to correct the flawed financing of the Medicare Catastrophic Coverage Act and replace the financing with true social insurance financing. Our members have already sent over 1.5 million postcards, about half of what will ultimately be sent, in support of your legislation.

We look forward to working together to achieve this common goal on behalf of senior citizens.

Sincerely,

MARTHA A. MCSTEEN,
President.

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA—UAW,
Washington, DC, 20036, July 20, 1989.

DEAR SENATOR: When the budget reconciliation or debt ceiling legislation is considered on the Senate floor, we understand that Senators Harkin and Levin intend to offer an amendment similar to the legislation they have introduced, the proposed Medicare Catastrophic Coverage Surtax Repeal Act of 1989 (S. 1125). The UAW strongly supports the Harkin-Levin amendment. We urge you to co-sponsor and vote for the amendment.

The Harkin-Levin amendment would:

Repeal entirely the surtax on the elderly which was imposed under the Medicare catastrophic law;

Retain all of the benefits provided under the catastrophic law;

Maintain the flat premium which is paid by all Medicare beneficiaries under the catastrophic law;

Replace the surtax on the elderly with general revenues. The general revenues would be raised by eliminating the "bubble" in the present tax rate structure. Under the Tax Reform Act of 1986, some taxpayers (i.e., families of four with taxable incomes between $78,350 and $208,510; single individuals with taxable incomes between $47,000 and $109,050) already pay a marginal tax rate of 33 percent. But for taxpayers with taxable incomes above these amounts, the marginal tax rate drops back to 28 percent. The Harkin-Levin amendment would eliminate this anomaly by extending the existing 33 percent marginal tax rate to very wealthy taxpayers;

Be revenue neutral over five years.

The UAW believes that the Harkin-Levin amendment represents the best method of solving the problems which have arisen in connection with the Medicare catastrophic law. We believe the benefits added by the catastrophic law are extremely valuable and should be retained. We therefore oppose any effort to repeal the catastrophic law. However, the UAW also believes that the manner in which the catastrophic benefits are financed is flawed and should be changed. In particular, we object to the principle underlying the present financing mechanism—namely, that the benefits have to be paid for entirely by the elderly. This violates the social insurance principles which have formed the basis for Social Security and Medicare. It also means that middle and upper income seniors have to shoulder the entire burden of paying for the subsidies for lower income seniors. This burden should properly be shared by all of society, not just a segment of the elderly. Because the burden is focused exclusively on middle and upper income seniors, they wind up paying premiums and taxes which are many times the value of the benefits provided under the catastrophic program. This is unfair.

The Harkin-Levin amendment would reform the financing of the catastrophic program by completely repealing the surtax on the elderly and replacing it with general revenues. This would be consistent with the way in which the Medicare Part B program is financed (i.e., three quarters of the Medicare Part B costs are currently paid for out of general revenues).

The Harkin-Levin amendment would raise the general revenues needed to replace the surtax on the elderly in a progressive manner, by eliminating the "bubble" in the tax rate structure which currently permits very wealthy individuals to actually pay a lower marginal tax rate than persons making less money. This would only affect the wealthiest 600,000 taxpayers. At the same time, the amendment would reduce taxes for the 13 million senior citizens who are now subjected to the surtax.

Accordingly, the UAW strongly supports the Harkin-Levin amendment. We urge you to join in co-sponsoring the amendment, and to vote for the amendment when it is offered on the Senate floor in connection with the budget reconciliation or debt ceiling legislation.

Your consideration of our views on this important issue will be appreciated. Thank you.

Sincerely,

DICK WARDEN,
Legislative Director.

JULY 21, 1989.

DEAR SENATOR: The International Ladies' Garment Workers' Union has 133,000 retirees who have worked in the apparel and related industries over many years. We also represent 200,000 garment workers who look forward to their benefits when they reach retirement age.

The ILGWU, therefore, is concerned with the whole problem of catastrophic health benefits and how they are being financed. There is no question that the officers and members of our Union support the Medicare

Catastrophic Health Act. We are opposed to any effort to repeal the legislation.

However, there is a very great concern about what our retirees and members consider the inequitable method of financing the benefits. Our seniors, along with thousands and thousands of other senior citizens, feel that the surtax presently in effect should be eliminated and another method of securing the needed revenue should be instituted by appropriate legislation.

Having reviewed the situation dealing with the financing of these health care services, the ILGWU is convinced that the solution lies in the bill introduced by Senators Carl Levin and Tom Harkin, S. 1125.

The bill addresses the problem of relying on the middle income seniors to subsidize the benefits of catastrophic health benefits of the more affluent senior citizens. To take care of this inequity the Harkin-Levin Bill would extend the 33 percent income tax rate to include the total taxable income of the highest income tax payer. Right now the 33 percent rate covers only part of the taxable income from $78,000 to $209,000 for joint returns and $47,000 to $109,000 for single taxpayers. Above that they pay only 28 percent of the remainder of their taxable income. We believe in extending the 33 percent to cover all the taxable income for our highest income taxpayers. It would raise the needed revenue to cover the catastrophic health benefits for all senior citizens. All S. 1125 does is to place the burden of paying the costs on those most able to pay. No where else in our benefit payment system do we ask those of modest incomes to subsidize the benefits for those whose incomes are much higher.

We urge you to show your concern in solving these inequities by co-sponsoring S. 1125.

Thank you for your consideration of our request. We look forward to a reply from you on this matter.

Respectfully,

JAY MAZUR,
President.
EVELYN DUBROW,
Vice president and legislative director.

NATIONAL ASSOCIATION
OF LETTER CARRIERS,
Washington, DC, July 21, 1989.

Hon. TOM HARKIN,
U.S. Senate, Washington, DC.

The National Association of Letter Carriers supports S. 1125, introduced by Senators Harkin and Levin.

NALC President Vincent Sombrotto, on behalf of the 315,000 member organization, said the amendments would solve two major problems that have emerged from the Medicare Catastrophic Coverage Act of 1988.

"Catastrophic illness can devastate a family's savings," Sombrotto said. "The Harkin-Levin-Bonior bill allows us to save the benefit while eliminating the undue burden seniors are being asked to bear."

"It also eliminates the unfair tax break the very rich presently enjoy."

The legislation introduced by Senators Harkin and Levin would also serve to alleviate the unique burden now being borne by federal and postal retirees who are fully covered for catastrophic expenses through the Federal Employee Health Benefits Program (FEHBP). Asking postal and federal retirees to essentially pay twice for the same benefit is unreasonable. For NALC retirees, it is like asking them to make monthly payments on a car still in the dealer's showroom.

The NALC, along with the AFL-CIO, supports the continuation of the important benefits provided by the Catastrophic Health Insurance program to the millions of Americans without such protection. We believe, however, that charging seniors a "user fee" (or worse, for postal/federal retirees a "non-user" fee) cutting further into ever declining fixed incomes is a uniquely bad approach and one which should be abandoned.

VINCENT R. SOMBROTTO,
President.

AMERICAN POSTAL WORKERS
UNION, AFL-CIO,
Washington, DC, July 17, 1989.

Hon. TOM HARKIN,
Hart Senate Office Building, U.S. Senate, Washington, DC.

DEAR SENATOR HARKIN: On behalf of the 365,000 members of the American Postal Workers Union (AFL-CIO), I am pleased to express our support for the Harkin-Levin amendment to repeal the Medicare Catastrophic Insurance surtax.

APWU is the largest collective bargaining representative of active and retired employees of the United States Postal Service, and the APWU Health plan is one of the largest employee organization plans in the Federal Employee Health Benefits Program. A major portion of the APWU Health plan enrollees are Medicare-eligible retirees who were adversely impacted by the financing mechanism established for the Medicare Catastrophic Protection Act of 1988 (Public Law 100-360).

During the 100th Congress, as Congressional debate focused on the feasibility of providing expanded benefits to Medicare participants, APWU raised several issues of concern about the effect of the proposed legislation on our retired members. We questioned both the proposed financing mechanism and the duplication of catastrophic benefits for postal and federal retirees which would result from enactment of the law.

Currently, postal (and federal) workers are authorized to carry their active status health insurance benefits into retirement under certain conditions. The health benefits programs in which postal and federal workers participate operate under auspices of the Federal Employees Health Benefits Program, and these plans are required to provide retired participants with protection against catastophic illnesses. Postal and federal enrollees pay for this coverage through their health insurance premiums.

When Congress enacted the Catastrophic Protection Act, it duplicated coverage already provided to postal and federal retirees through the Federal Employee Health Benefits Program, yet held them liable for the income-based supplemental premium. As a result, Medicare eligible retirees who are enrolled in the American Postal Workers Union Health Benefits plan are facing difficult choices which will not be mitigated unless Congress acts to revise the financing mechanism of the Catastrophic Protection Act.

Under current conditions, Medicare-eligible postal retirees must bear the burden of paying both their FEHB health insurance premiums and the catastrophic surtax, or they may be forced, by financial considerations, to abandon their union-sponsored health insurance benefits for a program with inferior catastrophic benefits. If the retiree elects to drop his or her union/sponsored insurance, that decision can never be reversed.

Your legislation is, in our view, an equitable method of mitigating the adverse effects of the Catastrophic Protection Act on postal and federal retirees, while maintaining catastrophic illness protection for those in our society who need it.

On behalf of the members of the American Postal Workers Union, I wish to express my appreciation for your leadership on this critical issue, and we look forward to working with you to enact this needed legislation.

Sincerely yours,

MOE BILLER,
President.

AMERICAN FEDERATION
OF STATE COUNTY &
MUNICIPAL EMPLOYEES, AFL-CIO,
Washington DC, July 18, 1989.

Hon. TOM HARKIN,
Hart Senate Office Building, U.S. Senate, Washington, DC.

DEAR SENATOR HARKIN: On behalf of the 120,000 retired state and local workers represented by the American Federation of State, County and Municipal Employees (AFSCME), we want to express our support for the Harkin-Levin amendment to the catastrophic insurance law.

Since the passage of the catastrophic law last year, our retirees' opposition has been strong and growing. Most of them already had employer-provided catastrophic coverage. Now they will have to pay a considerable surtax for something they had previously received free of charge.

The Harkin/Levin amendment would repeal the Medicare surtax while retaining all of the benefits provided under the law. Under your amendment, the catastrophic package would be financed by extending the 33% income tax rate to all income for upper income taxpayers. Currently, income over $208,510 for a family of four and $109,050 for an individual is taxed at 28%.

We support the clarification of current law contained in your amendment that will require the wealthiest taxpayers in our country to shoulder the same tax obligations as individuals of more modest means. This is an equitable means of funding the benefits of the catastrophic law. We believe this maintains the social insurance design which has characterized the Medicare program since its inception.

We would be happy to assist you in any way to ensure passage of your amendment. Thank you for your leadership on this issue.

Sincerely

GERALD W. MCENTEE,
International President.

Mr. LEVIN. Mr. President, I am pleased to join with my colleague from Iowa, Senator TOM HARKIN, in announcing that we plan to offer an amendment to legislation, before the August recess or shortly thereafter, to repeal the supplemental premium surtax and replace it with a fairer way of financing the Medicare Catastrophic Health Insurance Program.

The senior citizens of this country feel they have been picked on. And they have been. They have been asked in the Medicare Catastrophic Coverage Act of 1988 to do what no other group that I can think of has been asked to do. That law offered benefits to a group within society and required one portion of that group to subsidize

another portion of that group based on the ability to pay. Do we require financially well-off veterans receiving service-connected disability compensation, and no other taxpayers, to subsidize less well-off veterans' compensation? We don't and we shouldn't. Why, as a matter of equity, then, should we require some senior citizens, and no other taxpayers, to subsidize the benefits of other senior citizens. Senior citizens are willing to share the burden, but they do not want to be singled out because of their age to shoulder the subsidy for other seniors who are involved in this program.

The amendment which Senator HARKIN and I will offer is based on S. 1125, which we introduced last month. This amendment would repeal the supplemental premium surtax and would retain the full benefits of the Medicare Catastrophic Coverage Act of 1988. The revenue which would be lost as a result of the supplemental premium surtax would be made up for by amending the current income tax law and keeping the marginal income tax rate at 33 percent for families of four with taxable incomes over $208,510 and for singles with taxable incomes over $109,050, instead of allowing the marginal rate to drop back to 28 percent as is provided under current law. This proposal would generate enough revenue in order to allow for the entire repeal of the supplemental premium surtax and to be revenue neutral over the 1990-94 period.

This legislation has been endorsed by a large number of organizations which support retaining the benefits of the Medicare Catastrophic Coverage Act of 1988, and which support financing those benefits in a more equitable manner than provided for under current law. During the next 2 weeks, we look forward to additional support for this repeal of the supplemental premium surtax and for replacing it with a way to pay for these important improvements in health care that recognizes that, in addition to the individual beneficiaries, society as whole has an interest in a sound and fair catastrophic health insurance program.

By Mr. GRAHAM (for Mr. DECONCINI, and Mr. KERRY):

S. 1389. A bill to authorize the issuance of drug war bonds and to require that the proceeds of those bonds be used to fund the Anti-Drug Abuse Act of 1988; to the Committee on Finance.

DRUG WAR BOND ACT OF 1988

Mr. GRAHAM. Mr. President, it was 48 years ago this December that Pearl Harbor was attacked by air. More than 2,300 people were killed on that day. The surprise attack had the effect of galvanizing this Nation against a common enemy: tyranny of Japan and the Nazis in Europe.

On the following day, December 8, 1941, the United States of America declared war. When our President, Franklin Roosevelt, came to Congress to seek a declaration of war, he did not equivocate. When America declared war in 1941, we fought to win and we did not quit until the enemy had surrendered.

Since that date, Mr. President, we have diminished the power of the phrase, declaration of war. By declaring war, year after year, declaring war against drugs, our actions have not matched our tough rhetoric.

Our President today, and the one before him, has launched and relaunched a war of words against drugs, but it is not a real war. The war of drugs is a war that we are not winning. The price of cocaine has dropped again. Coca production in Latin America has nearly doubled since the mid-eighties. Addicts in this country who want treatment cannot get it. A principal reason we are not winning this so-called war is because we have not made the commitment to fund victory. We have made promises to the American people. We have not kept those promises. Despite his tough-sounding speeches against crime and drugs, President Bush has recommended less, much less, than Congress authorized for the war on drugs in the current fiscal year.

The President, for instance, has recommended $33 million less than Congress authorized for drug education and training. That is the account that supports the Drug Free Schools Program. We know education is a powerful weapon against drugs. The more people find out about drugs, the less likely they are to spend their money to hurt themselves through the purchase of drugs.

We know that education works, but we are underfunding the education program.

In the health area, a broad category that includes drug and alcohol treatment, the 1988 drug bill authorized $2.2 billion for the next fiscal year. The President has proposed $1.3 billion, a shortfall of $900 million.

The total unfunded portion, calculated by subtracting the Bush administration's budget plan from the amount authorized by Congress, is almost $1.7 billion in budget authority and $860 million in budget outlays for the 1990 fiscal year.

Mr. President, we have declared war from the safety of a politician's podium, but we have failed to send the ammunition to our troops in the field. It is time for this hypocrisy to end.

Today I am introducing legislation to tap the tremendous will to win of the American people, people who are fed up with drugs and people who want to participate directly in funding our war on drugs. This legislation, Mr. President, will revive the war bond program that helped us win both World War I and World War II. This time we will call them drug war bonds. When you buy a bond, you are joining the fight against the cocaine cartel that has attacked America. You are investing in freedom from addiction for millions of people who are hooked on drugs but cannot get treatment today. You are investing in freedom from fear that our borders are being overrun by smugglers and our neighborhoods being overrun by dealers. Everywhere I go people are outraged about the drug invasion and they ask the question, "What can I do?"

With the drug war bonds, American citizens can get directly involved in fighting the cartel that has declared war on America. With drug war bonds, we, individual Americans, can fight back.

Here is how the bond program would work, Mr. President. First, purchase of these bonds will be open to all Americans, particularly including children. Bonds will be available through schools, through Scouting, through banks, and other financial institutions and via payroll deduction programs. Maturity of the bonds would be 12 years, just as is the current savings bond program.

Our new bond program would be modeled on that successful savings bond program with interest dividends equal to those paid on regular savings bonds. The purchase price would be half the amount of the bond. For instance, the smallest bond, $25, could be purchased for $12.50. Students could spend as little as 25 cents for a coupon to fill up a bond booklet toward a $25 bond. Higher denomination bonds would be available from financial institutions and brokerage houses and via payroll deductions plans.

Second, when you buy a drug war bond, your money would go directly to the war on drugs. It would not be mixed with the rest of the Federal budget. A drug war trust fund would be established to handle revenue from the sale of these bonds. This trust fund would assure that bond money goes exclusively to the war on drugs. Our initial goal is to fund the anti-drug legislation this Congress approved in 1988. The 1988 bill passed by Congress and signed by President Reagan authored $2.8 billion for the fiscal year 1989. We are actually going to spend less than $1 billion. For 1990, for the year that begins October 1 of this year, the legislation granted budget authority of almost $6 billion. The President's recommendation is a funding level of $4.266 billion, $1.7 billion short of what Congress authorized less than a year ago.

I am proposing the sale of bonds to fund the drug war because conventional funding has not been adequate. Senator BIDEN and others have attempted to fund the drug bill by a small in-

crease in taxes on cigarettes and alcohol. He was turned back. And with each passing day the drug bill continues to be underfunded. Our war on drugs continues to be a war of words rather than action.

The Nation learned some valuable lessons when it sold war bonds during World War II. The most important lesson: Americans are patriotic. Americans poured billions into the war effort against the Nazis and the Japanese. Between 1941 and 1945 millions of Americans purchased $185.7 billion of war bonds.

I remember as a boy at Hialeah Elementary School each Friday we would bring in our dimes to buy stamps to place in our book so that when we had filled our book we could receive a war bond. Everyone pitched in. All sectors of our society bought war bonds—children, farmers, adults, labor, management, government workers. Advertising was donated. The entertainment industry made special films and newsreels for bond rallies and broadcasts. Boy Scouts agreed to distribute 1 million war posters. Irving Berlin wrote a special song: Any Bonds Today? Those who bought war bonds had a sense of ownership in our war effort. If you put up $25 to defeat the Nazis, you had a direct stake in and a contribution to America's victory.

It is time to bring back the Victory Bond for patriotism and mass participation in our national effort to prevail over today's common enemy.

The enemy attacking America today has not dropped bombs on our ships at Pearl Harbor. No, there has been no Pearl Harbor in 1989; no clear day of infamy. But in many ways the invasion of America by the drug cartel is just as insidious and just as deadly as the attack on Pearl Harbor; 2,334 servicemen died in the attack on Pearl Harbor.

For every servicemen killed at Pearl Harbor in 1941, two Americans died in drug-related deaths in 1987, the last year for which the statistics are available.

America is under attack from every hemisphere. Heroin is flooding into the United States at record levels from Asia and Mexico. Cocaine from Latin America has poisoned and corrupted our Caribbean neighbors and pours across our own borders. And we are under attack from within. Crack labs in America process cocaine for sale to our people.

Mr. President, as hard as it is to believe, the United States is now tied with Mexico in marijuana production. Mexico and the United States stand second only to Colombia in the world's production of marijuana.

Rogue chemists in this country are making a synthetic stimulant called crank, c-r-a-n-k. The Drug Enforcement Agency says that we have three times as many crank abusers as heroin addicts in the United States.

Carlos Lehder, the Colombian cartel chieftain, who admired Hitler and sent tons of cocaine to our neighborhoods, once told a smuggler partner that he hoped to flood America with cocaine in order to disrupt our political system and tear down our Nation's morality.

Mr. President, we will not sit by and let narcoterrorists like Carlos Lehder tear down this country. We Americans are ready to fight back. We are ready to help pay the bill to win that victory.

We are ready, we are prepared, and we will win a real war against drugs.

Thank you, Mr. President.

Mr. WILSON addressed the Chair.

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

Mr. WILSON. Mr. President, while my friend and colleague from Florida is on the floor, I want to first congratulate him. Earlier today I introduced a measure that poses drug war bonds, and I gather he has been working on something quite similar and is now introducing that.

Let me make a point, Mr. President, that I think is one that the American people may not fully appreciate.

A moment ago, in his concluding remarks, the Senator from Florida made the optimistic, and I think warm prediction, that the people of America will respond to this challenge; that if they are given the opportunity to do so, they will indicate what their priorities are by purchasing these bonds not because of any huge rate of return because in fact there is not even a market rate of return but rather because of their concern.

They will decide that this is a very good investment in America's future because in fact there is little that is more important, little that will be more rewarding, than providing the kind of adequate financing necessary not simply to speak of a war on drugs but to actually fight it, wage it, and win it, which we are not doing at the moment.

I think the point that has to be emphasized is that it is a necessity for my introducing this measure or for the Senator from Florida introducing his because there has been an abdication of responsibility on the floor, it pains me to say, and in the other body. We simply are not engaged in adequate funding. We look to law enforcement to perfom miracles, and the most dedicated and professional law enforcement cannot do so without adequate resources.

What we are saying is that the amendments of the Senator from Florida, my own, that of Senator D'AMATO, that of Senator GRAMM of Texas, that of Senator BIDEN, and others, have repeatedly been offered to increase funding for the war on drugs, because they have failed, and because like efforts have failed in the House of Representatives the American people really cannot look to the Congress to provide resources commensurate with the rhetoric that has flowed from us almost without limit.

Frankly, we have not put our money where our mouth has been. We all agree that this is the most urgent priority. We make references, and we choose metaphors that point to the seriousness of this problem. We speak of being invaded. That is no hyperbole. I think my friend has not exaggerated in the least.

I think there is an infinitely greater threat to the welfare and to the future of this Nation, specifically to this generation of our children, than is posed by any foreign power. But somehow the Congress does not seem able to appreciate that fact, at least not in terms of responding to it with the kind of funding that would indicate a recognition that that is the priority of the American people as indeed I believe it could be, and I believe rightly so.

I think the American people once again are correct. Ordinarily, when the public leads Congress gets right out there and follows soon thereafter. We have not in this instance. We are still waiting.

So the necessity for this kind of effort and the optimistic fact about a drug war bond program is that it will offer the American people the option to indicate very, very directly and simply by their own investment that they conceive of this as the most urgent priority, and are willing to put their own money into it as time and time again they have indicated they would even if that be in the form of taxes.

In this case they will be not taxing themselves but will be parting with some of their hard-earned cash as an investment in a figurative sense more than perhaps a literal one in America's future.

I commend them for doing so. I am confident that they will do so. In doing so, Mr. President, they will give us the resources we need not to simply wage this war on drugs rhetorically but to do it with real resources, and to win.

I take the opportunity of my friend's comments simply because I think the American people need to understand what is at stake here, and indeed I think my colleagues on the floor need to understand, as clearly the Senator from Florida does. But I simply repeat sadly that in the recent past as well as in last year's effort we failed to adequately fund the 1988 omnibus drug legislation which offered in terms of legislative authority great hope, and great succor to the American parent worried about his or her child. But we

simply did not fund it. This will be an opportunity to do so.

So I commend my friend and I look forward to working with him. I think that we have pretty much the same idea. Unfortunately, it is an idea necessary because of what has othewise been legislative default. But let us put the default behind us. Let us look to the future. That future can be bright, and the investment by bond buyers of some $4 billion over a period of time—I am not sure exactly what the issue offered by my friend would involve in maturity or interest rate. Whatever it is, it is little enough by way of a wise preventative measure and will be far less costly than our failing to address the problem, and unhappily we have failed to address it honestly on this floor.

Mr. President, I look to the future to bring us a better result.

I yield the floor.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, I would like to express my appreciation for the generous remarks and the outstanding effort which the Senator from California has made on this issue before an extended period of time and over a wide range of the battles which constitute the framework for our war on drugs. The Senator from California has given sustained and committed leadership.

I look forward to working with him closely to see that we can add this means of financing more effectively than has been available in the past through the drug war bonds.

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. 1389

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 "Drug War Bond Act of 1988".

SEC. 2. ISSUANCE OF DRUG WAR BONDS.

(a) IN GENERAL.—Subchapter I of chapter 31 of title 31, United States Code, is amended by adding at the end thereof the following new section:

§ 3114. Drug war bonds

"(a) The Secretary of the Treasury shall—

"(1) issue drug war bonds of the United States Government, and

"(2) buy, redeem, and make refunds of such bonds under section 3111 of this title.

"(b)(1) Drug war bonds may be issued under this section on an interest-bearing basis, on a discount basis, or on an interest-bearing and discount basis.

"(2) The Secretary of the Treasury may—

"(A) fix the investment yield for drug war bonds issued under this section, and

"(B) change the investment yield on any outstanding drug war bond, except that the yield on a bond for the period held may not be decreased below the minimum yield for the period guaranteed on the date on which the bond is iissued.

"(3) Drug war bonds issued under this section shall mature not more than 20 years after the date of issue.

"(4)(A) Except as otherwise provided in this paragraph, the Secretary of the Treasury shall prescribe the denominations in which drug war bonds are issued under this section.

"(B)(i) In prescribing under subparagraph (A) the denominations in which drug war bonds are issued under this section, the Secretary of the Treasury shall ensure that a small denomination, of not greater than a $25 maturity value, be available for issuance in order to enable children and small investors to purchase drug war bonds.

"(ii) In order to compensate for the additional administrative costs of issuing drug war bonds under this section in a small denomination that does not exceed a $25 maturity value, the Secretary of the Treasury is authorized to fix an investment yield for such small-denomination drug war bonds that is lower than the investment yield on other denominations of drug war bonds.

"(5) The Secretary of the Treasury shall issue stamps, or may provide other means, that evidence payment towards the purchase of a drug war bond issued under this section in order to encourage and facilitate the accumulation of funds for the purchase of drug war bonds.

"(c) Except as otherwise provided in this section, the Secretary of the Treasury may prescribe, with respect to drug war bonds issued under this section—

"(1) the form and amount of an issue,

"(2) the way in which the bonds will be issued,

"(3) the conditions (including restrictions on transfer) to which the bonds will be subject,

"(4) conditions governing redemption of the bonds,

"(5) the sales price of the bonds, and

"(6) a way to evidence payments for, or on account of, the bonds.

"(d) The Secretary of the Treasury may authorize any financial institution which meets the requirements of section 3105(d) to make payments to redeem drug war bonds issued under this section.

"(e)(1) There is hereby established within the Treasury of the United States a trust fund to be known as the Anti-Drug Abuse Trust Fund (hereinafter in this subsection referred to as the 'Trust Fund'), consisting of such amounts as may be transferred to the Trust Fund under paragraph (2).

"(2)(A) The Secretary of the Treasury shall transfer to the Trust Fund out of the general fund of the Treasury of the United States amounts determined by the Secretary of the Treasury to be equivalent to the amounts received into such general fund that are attributable to the proceeds from drug war bonds issued under this section.

"(B) The amounts which are required to be transferred under subparagraph (A) shall be transferred at least monthly from the general fund of the Treasury of the United States to the Trust Fund on the basis of estimates made by the Secretary of the Treasury of the amounts referred to in subparagraph (A) that are received into the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of, or less than, the amounts required to be transferred.

"(3) The Secretary of the Treasury shall be the trustee of the Trust Fund and shall submit an annual report to the Congress on—

"(A) the financial condition and the results of the operations of the Trust Fund during the fiscal year preceding the fiscal year in which such report is submitted, and

"(B) the expected condition and operations of the Trust Fund during the fiscal year in which such report is submitted and during each of the 5 fiscal years succeeding such fiscal year.

The report shall be printed as a House document of the session of the Congress to which the report is made.

"(4) Funds in the Trust Fund shall only be available, as provided in appropriation Acts, for expenditures that are authorized—

"(A) by the provisions of,

"(B) by amendments made to, or

"(C) by amendments made by,

the Anti-Drug Abuse Act of 1988.

"(f) The Secretary of the Treasury shall provide notice to the public through appropriate media that the purchase of drug war bonds will assist in implementing antidrug abuse provisions of law.".

(b) CONFORMING AMENDMENTS.—

(1) The table of sections for subchapter I of chapter 31 of title 31, United States Code, is amended by adding at the end thereof the following new item:

"3114. Issuance of drug war bonds.".

(2) Section 3108 of title 31, United States Code, is amended by striking out "and 3105-3107" and inserting in lieu thereof ", 3105-3107, and 3114".

By Mr. KENNEDY (for himself and Mr. HATCH):

S. 1390. A bill to authorize funds to be appropriated for the construction of a research laboratory, and for other purposes; to the Committee on Labor and Human Resources.

CONSTRUCTION OF RESEARCH FACILITY

Mr. KENNEDY. Mr. President, the legislation I am introducing today follows on the fire in May which destroyed much of the stock of research mice at the Jackson Laboratory in Maine. This tragic fire halted research in many biomedical laboratories around the Nation. The Jackson Laboratory has been the leading facility in the world for the production of the genetically controlled mice that are necessary for biomedical research. This laboratory supplied mice to researchers in every State in the country, including virtually every medical school, university, independent biomedical research facility and major government laboratory. Through heroic efforts of the staff, embryos and breed stock of the more than 1,700 strains developed by the laboratory were saved from the fire. Today, I am introducing legislation to authorize the appropriation of funds for a single competitive grant for the construction of a facility for the development, production, and distribution of inbred and mutant mice to be used for biomedical research. Though, the Jackson Lab is the most likely candidate for this grant, other institutions may also compete for these funds.

The prompt restoration of the supply of research animals is vital to the continuation of biomedical research in key health areas. Research into the causes and cures of human diseases such as lung cancer, breast cancer, leukemia, diabetes, and diseases that effect primarily children, such as infantile polycystic kidney disease, depends on the supply of mice, such as those produced at the Jackson Laboratory. Much of this research has been halted until subject animals can again be provided. We must act quickly to make available the animal subjects that are so critical to the continuation of this important medical research.

I urge your support of this legislation. The health and well-being of millions of Americans depends upon 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. 1390

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

SECTION 1. CONSTRUCTION OF MOUSE BREEDING FACILITY.

(a) IN GENERAL.—The Secretary of Health and Human Services, acting through the Director of the National Institutes of Health, shall provide a single grant, through a competitive application process, to a public or private non-profit entity to enable such entity to construct a facility for the development, production, and distribution of inbread and mutant mice that are to be used for biomedical research.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $25,000,000 to carry out subsection (a).

Mr. HATCH. Mr. President, on May 10, 1989, a fire consumed the Jackson Laboratory in Bar Harbor, ME, and destroyed one of America's most vital genetic research facilities. The total loss to Jackson Laboratory was estimated at $40 million, including the animals lost, building replacement, emergency operations during the recovery process, and lost revenue.

The Jackson Laboratory was an internationally renowned, not-for-profit, independent research institution devoted to mammalian genetics. Study at the facility centered on developing new methods of diagnosing and treating critically important human health problems such as diabetes, arthritis, AIDS, and neurological illness. The laboratory provided a unique and invaluable service to the international scientific community by distributing 2 million genetically developed mice annually for research.

Finding a replacement for Jackson Laboratory is fundamental to maintaining productive biomedical research in the United States. To recover from losses accumulated in the fire, the national biomedical research effort requires a rapid resupply of inbred and mutant mice. It is feasible to involve multiple distribution sources around the country due to logistic problems, increased financial costs, and the need for uniform health standards. Research scientists can ensure proper quality control and technical procedure only in one sufficiently equipped and constructed facility.

Today, I am joining my colleagues and introducing legislation which would authorize $25 million to be used for constructing a new facility to develop, produce, and distribute inbred and mutant mice used in biomedical research. The contractor and location of this laboratory will be determined through a competitive application process from interested public and private nonprofit entities.

I urge my colleagues to support this legislation in order to promote biomedical research in the United States.

By Mr. KENNEDY (for himself, Mr. MATSUNAGA, Ms. MIKULSKI, Mr. ADAMS, Mr. SIMON, and Mr. DODD):

S. 1391. A bill to amend the Public Health Service Act to establish a foundation for biomedical research, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. KENNEDY (for himself, Mr. ADAMS, Mr. DODD, Mrs. KASSEBAUM, Mr. MATSUNAGA, Ms. MIKULSKI, Mr. SIMON, and Mr. HATCH):

S. 1392. A bill to amend the Public Health Service Act to provide grants for the expansion or renovation of biomedical and behavioral research facilities, to establish a National Center for Medical Rehabilitation Research, to establish a senior biomedical scientific service, and for other purposes; to the Committee on Labor and Human Resources:

BIOMEDICAL RESEARCH LEGISLATION

Mr. KENNEDY. Mr. President, the legislation that I am introducing today is aimed at maintaining the Nation's premier role in biomedical research. For years, the NIH has led the world in breakthrough discoveries of cures and treatments for a range of illnesses. Scientists at the NIH have made major contributions to the treatment of cancer, AIDS, heart disease, and are now in the early phases of the human genome project, an undertaking in the medical field that will mean continued progress in our understanding of biology and its applications to biotechnology. The country and the world are watching as new development after new development shapes our expectations and gives us hope for a better world.

But we cannot rest on our laurels. Too many factors threaten our lead in biomedical science. In recent decades, our research facilities around the country have not received adequate support. Many of them around the country are now in need of renovation or expansion. The National Institutes of Health also faces a problem of increasing import over its inability to fill critical senior research positions because it is unable to offer salaries that are competitive with the academic and industrial world. This legislative package will go far to correct these problems and to assure the continued significant role of NIH as a leader in the field of biomedical research.

In one of the two bills I am introducing today, I am asking Congress to authorize the establishment of a privately funded NIH Foundation for Biomedical Research. The main purpose of the Foundation will be to support endowed chairs for distinguished senior scientists at the Nobel laureate level. I envision a small number of chairs initially—probably 10 or so. These will support the work of some of our country's most outstanding and most productive leaders in scientific discovery. The presence and work of investigators of this stature at the NIH will help encourage new research prospects, and will help to maintain the entire NIH community at the forefront of biomedical research. The Foundation will support salaries and research expenses for these individuals and thereby provide the opportunity to offer more flexible and more generous support to these stars of science than might otherwise be possible. This should have beneficial impact on recruitment and retention of such individuals. The Foundation would also support a smaller number of promising mid-level visiting scientists who will benefit from and add to the research environment at the NIH. The Foundation will create new funding for the scientific work at NIH, and provide an opportunity for the expression of individual and corporate support for the community of scientists who have contributed so much to the health of the Nation and the world.

In the second of the two bills I am introducing today is the Senior Biomedical Scientist Service. The establishment of the Service will permit the Secretary to fill vacant positions at the NIH through recruitment and retention incentives. The critical nature of this problem is underscored by the fact that no vacancy at the NIH for a senior scientist position has been filled through outside recruitment in 11 years. The Service will allow for increases in senior scientist salary levels throughout the Public Health Service to make them somewhat more comparable with other sectors of the research community. The Service would be a personnel system attuned to the needs of a larger number of senior scientists throughout the Public Health Service particularly with regard to

other conditions of employment like evaluations and other benefits like retirement. Authorizing the creation of the Senior Biomedical Scientist Service will be a major step toward correcting the problems created over the past several years by a failure to keep step with the economic realities of the biomedical field.

Another provision in this initiative which is equally vital to renewed growth in the biomedical field is the peer review matching grant program in extramural facilities construction. Since 1969, when Federal support of research facility construction began to diminish, facilities have increasingly fallen into disrepair and badly needed new construction has been repeatedly delayed while academic research institutions have struggled to find funds. This provision would authorize $150 million in funding to make a start in supporting construction needs which will require $10 to $15 billion over the next decade. We must begin to make progress in this area. It will be less expensive to assume our responsibilities in this matter now than to delay while construction costs continue to climb every year, and while the quality of research suffers because of the inadequacies of laboratory space and surroundings.

This legislative package also contains a proposal for the creation of a Center for Rehabilitation Medicine Research at the NIH. Rehabilitation medicine is a relatively new specialty in the medical field, but it has now reached the level at which there are a sufficient number of basic scientists involved in this research to justify an administrative center to maximize their findings. The center will rise awareness of the progress being made in this research area, and it will serve to call public attention to the exciting advances in the development of prosthetic devices, nerve regeneration, and aids in the service of the blind.

I am also requesting the establishment of a discretionary fund for the Director of the National Institutes of Health. This bill will provide the Director with needed support for research and programmatic opportunities that fall outside the normal funding cycle. The fund will utilize less than 0.5 percent of the extramural research budget and would be capped at $25 million. It simply makes good administrative sense to have a capacity to respond to research needs and opportunities as they arise rather than to be held up for months until the funding cycle turns around again. There are numerous examples of where such a fund would have been useful over the last decade. AIDS is the premier example.

I urge my colleagues to support these bills, both of which will contribute to the work of the scientists at NIH and throughout the field of biomedical research in the country. Passage of these bills will mark the beginning of a new era of creative support for the efforts of the Nation's scientists.

I ask unanimous consent that the text of the bills be entered into the RECORD.

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

S. 1391

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

SECTION 1. SHORT TITLE.

That this Act may be cited as the "Foundation for Biomedical Research Act of 1989".

SEC. 2. ESTABLISHMENT OF FOUNDATION.

Title IV of the Public Health Service Act (42 U.S.C. 281 et seq.) is amended by adding at the end thereof the following new part:

"PART H—FOUNDATION FOR BIOMEDICAL RESEARCH

"SEC. 499A. FOUNDATION FOR BIOMEDICAL RESEARCH.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—The Secretary shall establish a nonprofit corporation, to be known as the Foundation for Biomedical Research (hereafter referred to in this section as the 'Foundation'), that shall not for any purpose be an agency of the United States Government.

"(2) INCORPORATION.—The Secretary, in cooperation with the members of the Board of Directors under subsection (b)(4), shall incorporate the Foundation to be established under paragraph (1) under the Corporation and Associations Articles of the State of Maryland.

"(3) NONPROFIT STATUS.—The Foundation shall be considered to be a corporation under section 501(c) of the Internal Revenue Code of 1986, and shall be subject to the provisions of this section.

"(b) BOARD OF DIRECTORS.—

"(1) COMPOSITION.—The Board of Directors of the Foundation (hereafter referred to in this section as the 'Board') shall be composed of—

"(A) the Chairmen and ranking minority member of the Health and the Environment Subcommittee of the House Committee on Energy and Commerce and the Chairmen and ranking minority member of the Committee on Labor and Human Resources of the Senate, who shall be ex officio members;

"(B) the Director of the National Institutes of Health and the Administrator of the Alcohol, Drug Abuse, and Mental Health Administration, who shall be ex officio members; and

"(C) five members to be appointed by the ex officio members of the Board described in subparagraphs (A) and (B), and the Chairperson appointed under paragraph (2), of which—

"(i) two such members shall represent the general biomedical field and one shall represent the general biobehavioral field; and

"(ii) two such members shall represent the general public.

"(2) CHAIRPERSON.—The ex officio members of the Board as described in subparagraphs (A) and (B) of paragraph (1) shall appoint an individual to serve as chairperson of the Board.

"(3) TERMS AND VACANCIES.—

"(A) IN GENERAL.—The term of office of each member of the Board appointed under subparagraph (C) of paragraph (1) shall be 5 years, except that—

"(i) any individual appointed to fill a vacancy that has occurred prior to the expiration of the term for which such individual's predecessor was appointed, shall be appointed for the remainder of such predecessor's term; and

"(ii) the terms of office for the initial members of the Board shall expire as determined by [the chairperson and] the ex officio members of the Board at the time of the appointment.

"(B) SUBSEQUENT APPOINTMENTS.—Individuals appointed to the Board at the expiration of the term of a member shall be selected by a majority vote of all Board members at the last meeting prior to the expiration of the term of the member to be replaced.

"(C) EFFECT OF VACANCY.—A vacancy on the Board shall not affect its powers, and shall be filled in the same manner in which the original designation or appointment was made.

"(4) INCORPORATORS.—The initial members of the Board shall serve as incorporators and take whatever actions necessary to incorporate, under the Corporations and Associations Articles of the State of Maryland, the Foundation.

"(5) COMPENSATION.—Members of the Board appointed under subparagraph (C) of paragraph (1) shall receive compensation for the time devoted to meetings and other activities of the Board at a daily rate to be determined by the Board, and reasonable allowances for necessary expenses of travel, lodging, and subsistence incurred in attending meetings and other activities of the Board, as set forth in the bylaws issued by the Board.

"(c) EXECUTIVE DIRECTOR.—

"(1) IN GENERAL.—The Foundation shall have an Executive Director who shall be appointed by the Board and shall serve at the pleasure of the Board. The Executive Director shall be responsible for the day-to-day operations of the Foundation and shall have such specific duties and responsibilities as the Board shall prescribe.

"(2) COMPENSATION.—The rate of compensation of the Executive Director shall be fixed by the Board.

"(d) DUTIES.—The Foundation shall—

"(1) provide funding for the support of the endowed chairs within the organizational structure of the intramural research programs of the National Institutes of Health and the Alcohol, Drug Abuse, and Mental Health Administration;

"(2) recruit senior biomedical scientists to hold chaired positions as described in paragraph (1);

"(3) support the staffing, equipment, and space requirements for the research undertaken by the scientists described in paragraph (2);

"(4) support the stipends and research expenses of National Institutes of Health Scholars appointed under the authority of section —— of the Public Health Service Act, who shall be appointed for 6-year terms; and

"(5) negotiate a memorandum of understanding with the Director of the National Institutes of Health and the Administrator of the Alcohol, Drug Abuse, and Mental Health Administration that specifies that Foundation scientists and personnel shall observe the ethical and procedural standards regulating research and research findings, including publications and patents,

that are followed by scientists and personnel at the National Institutes of Health and the Alcohol, Drug Abuse, and Mental Health Administration.

"(e) POWERS.—In order to carry out it's duties under subsection (d), the Foundation is authorized 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 Foundation;

"(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 section;

"(7) sue and be sued in its corporate name, and complain and defend in courts of competent jurisdiction;

"(8) 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 subtitle;

"(9) establish a mechanism for the selection of candidates for the endowed chaired positions within the organizational structure of the intramural research program of the National Institutes of Health and candidates for participation in the National Institutes of Health Scholars program authorized under section ——;

"(10) enter into contracts with public and private organizations for the writing, editing, printing, and publishing of books and other material;

"(11) take such action as may be necessary to obtain patents and licenses for devices and procedures developed by the Foundation and its employees;

"(12) accept, hold, administer, invest, and spend any gift, devise, or bequest of real or personal property made to the Foundation;

"(13) enter into such other contracts, leases, cooperative agreements, and other transactions as the Executive Director considers appropriate to conduct the activities of the Foundation;

"(14) appoint other groups of advisors as may be determined necessary from time to time to carry out the functions of the Foundation; and

"(15) exercise other powers as set forth in this section, and such other incidental powers as are necessary to carry out its powers, duties, and functions in accordance with this subtitle.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such funds as the Secretary determines may be necessary to carry out this part.".

S. 1392

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 "Biomedical Research Act of 1989".

TITLE I—BIOMEDICAL AND BEHAVIORAL RESEARCH FACILITIES

SEC. 101. BIOMEDICAL AND BEHAVIORAL RESEARCH FACILITIES.

Title IV of the Public Health Service Act (42 U.S.C. 601 et seq.) is amended by adding at the end thereof the following new part:

"PART H—BIOMEDICAL AND BEHAVIORAL RESEARCH FACILITIES

"SEC. 499A. DEFINITIONS.

"As used in this part:

"(1) CONSTRUCTION AND COST OF CONSTRUCTION.—The terms 'construction' and 'cost of construction' include the construction of new buildings and the expansion, renovation, remodeling, and alteration of existing buildings, including architects' fees, but not including the cost of acquisition of land or offsite improvements.

"(2) PUBLIC OR NONPROFIT PRIVATE INSTITUTION.—The term 'public or nonprofit private institution' means an institution that conducts biomedical or behavioral research, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

"SEC. 499B. GRANTS FOR CONSTRUCTION.

"The Director of the National Institutes of Health, through the Director of Research Resources (hereinafter in this part referred to as the 'Director'), is authorized to award grants to public and nonprofit private institutions to expand, remodel, renovate, or alter existing research facilities or construct new research facilities pursuant to this part. Applications for grants shall be evaluated on the basis of merit as provided in section 499I.

"SEC. 499C. TECHNICAL REVIEW BOARD ON BIOMEDICAL AND BEHAVIORAL RESEARCH FACILITIES.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—There is established in the Division of Research Resources of the National Institutes of Health a Technical Review Board on Biomedical and Behavioral Research Facilities (hereinafter referred to in this part as the 'Board') to advise the Director and the Advisory Council established pursuant to section 480 (hereinafter in this part referred to as the 'Advisory Council') on matters concerning the construction of facilities, and to conduct the peer review of applications received under this part.

"(2) MEMBERSHIP.—The Board shall be appointed by the Director, and consist of not fewer than—

"(A) 12 members to be appointed without regard to the civil service laws; and

"(B) an official of the National Science Foundation designated by the National Science Board.

"(3) FACTORS FOR APPOINTMENTS.—In selecting individuals for appointment to the Board under paragraph (2), the Director shall consider factors such as—

"(A) the experience of the individual in the planning, construction, financing, and administration of institutions engaged in the conduct of research in the biomedical or behavioral sciences;

"(B) the familiarity of the individual with the need for biomedical or behavioral research facilities;

"(C) the familiarity of the individual with the need for dentistry, nursing, pharmacy, and allied health professions research facilities; and

"(D) the experience of the individual with emerging centers of excellence as defined in section 499D(d)(2).

"(b) DUTIES.—The Board shall—

"(1) advise and assist the Director and the Advisory Council in the preparation of general regulations and with respect to policy matters arising in the administration of this part;

"(2) make recommendations to the Director and the Advisory Council concerning—

"(A) merit review of applications for grants; and

"(B) the amount that should be granted to each applicant whose application, in its opinion, should be approved; and

"(3) prepare an annual report for the Advisory Council, that shall be available to the public, that—

"(A) describes the activities of the Board in the fiscal year for which the report is made;

"(B) describes and evaluates the progress made in such fiscal year in meeting the facilities' needs for the biomedical research community;

"(C) summarizes and analyzes expenditures made by the Federal government for such activities;

"(D) reviews the approved but unfunded applications for grants; and

"(E) contains the recommendations of the Board for any changes in the implementation of this part.

"(c) TERMS.—

"(1) IN GENERAL.—Each appointed member of the Board shall hold office for a term of 4 years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which such member's predecessor was appointed shall be appointed for the remainder of such term.

"(2) STAGGERED TERMS.—Of the initial members appointed to the Board—

"(A) 3 shall hold office for a term of 3 years;

"(B) 3 shall hold office for a term of 2 years; and

"(C) 3 shall hold office for a term of 1 year;

as designated by the Director at the time of the appointment.

"(3) REAPPOINTMENT.—No member shall be eligible for reappointment until at least 1 year has elapsed since the end of such member's preceding term.

"(d) COMPENSATION.—Members of the Board who are not officers or employees of the United States shall receive for each day the members are engaged in the performance of the functions of the Board compensation at the same rate received by members of other national advisory councils established under this title.

"(e) USE OF MEMBERS.—The Director is authorized to use the services of any member or members of the Board, and where appropriate, any member or members of any other national advisory council established pursuant to this title, in connection with matters related to the administration of this part, for such periods, in addition to conference periods, as the Director may determine appropriate. The Director shall make appropriate provision for consultation between and coordination of the work of the Board and the Advisory Council, with respect to matters bearing on the purposes and administration of this part.

"(f) ADMINISTRATION.—The administration of the Board's functions shall be the responsibility of the Director and shall be carried out in the same manner as the administra-

tion of the functions of the Advisory Council.

"(g) BOARD ACTIVITIES.—

"(1) IN GENERAL.—In carrying out its functions under this part, the Board may establish subcommittees, convene workshops and conferences, and collect data as the Board considers appropriate.

"(2) SUBCOMMITTEES.—Subcommittees established under paragraph (1) may be composed of Board members and nonmember consultants with expertise in the particular area to be addressed by the subcommittees. The subcommittee may hold meetings as determined necessary to enable the subcommittee to carry out its activities.

"SEC. 499D. APPLICATION AND SELECTION FOR GRANTS.

"(a) SUBMISSION.—Applications for grants under this part shall be submitted at least once each year to the Director by interested public and nonprofit private institutions.

"(b) AWARDING OF GRANTS.—A grant under this part may be awarded by the Director if—

"(1) the applicant institution is determined by the Director to be competent to engage in the type of research for which the proposed facility is to be constructed;

"(2) the applicant institution meets the eligibility conditions established by the Director;

"(3) the application contains or is supported by the reasonable assurances that—

"(A) for not less than 20 years after completion of the construction, the facility will be used for the purposes of research for which it is to be constructed;

"(B) sufficient funds will be available to meet the non-Federal share of the cost of constructing the facility; and

"(C) sufficient funds will be available, when construction is completed, for the effective use of the facility for the research for which it is being constructed; and

"(4) the proposed construction will expand the applicant's capacity for research, or is necessary to improve or maintain the quality of the applicant's research. A grant under this part may be made only if the application therefor is recommended for approval by the Advisory Council.

"(c) ELIGIBILITY CONDITIONS.—Within the aggregate monetary limit as the Director may prescribe, applications that, solely by reason of the inability of the applicants to give the assurance required by subsection (b)(2), fail to meet the requirements for applications described in this section, may be approved on condition that the applicants give the assurance required by such paragraph within a reasonable time and on such other reasonable terms and conditions as the Director may determine appropriate.

"(d) AWARDING GRANTS.—

"(1) IN GENERAL.—In acting on applications for grants under this part, the Director shall take into consideration—

"(A) the relative scientific and technical merit of the applications, and the relative effectiveness of the proposed facilities, in expanding the capacity for biomedical or behavioral research and in improving the quality of such research;

"(B) the quality of the research or training, or both, to be carried out in the facilities involved;

"(C) the need of the institution for such facilities in order to maintain or expand the institutions research and training mission;

"(D) the congruence of the research activities to be carried out within the facility with the research and investigator manpower needs of the United States; and

"(E) the age and condition of existing research facilities and equipment.

"(2) INSTITUTIONS OF EMERGING EXCELLENCE.—

"(A) IN GENERAL.—In addition to the considerations required under paragraph (1), the Director shall also consider other criteria for the awarding of grants to eligible institutions that demonstrate emerging excellence in biomedical or behavioral research for the construction of research facilities.

"(B) ELIGIBILITY.—To be eligible to receive a grant under this paragraph, an institution shall—

"(i) have a plan for research or training advancement and possess the ability to carry out such plan; and

"(ii)(I) carry out research and research training programs that have a special relevance to a problem, concern, or unmet need of the United States;

"(II) have already demonstrated a commitment to enhancing and expanding the research productivity of the institution; or

"(III) have been productive in research or research development and training in settings where significant barriers to institutional development have been created by—

"(aa) the underrepresentation of minorities in health science careers;

"(bb) the health status deficit of a large segment of the population; or

"(cc) a regional deficit in health care technology, services, or research resources that can adversely affect health status in the future.

"SEC. 499E. AMOUNT OF GRANT; PAYMENTS.

"(a) AMOUNT.—The amount of any grant awarded under this part shall be determined by the Director, except that such amount shall not exceed—

"(1) 50 percent of the necessary cost of the construction of a proposed facility as determined by the Director; or

"(2) in the case of a multipurpose facility, 50 percent of that part of the necessary cost of construction that the Director determines to be proportionate to the contemplated use of the facility.

"(b) RESERVATION OF AMOUNTS.—On approval of any application for a grant under this part, the Director shall reserve, from any appropriation available therefor, the amount of such grant, and shall pay such amount, in advance or by way of reimbursement, and in such installments consistent with the construction progress, as the Director may determine appropriate. The reservation of the Director of any amount by the Director under this subsection may be amended by the Director, either on the approval of an amendment of the application or on the revision of the estimated cost of construction of the facility.

"(c) EXCLUSION OF CERTAIN COSTS.—In determining the amount of any grant under this part, there shall be excluded from the cost of construction an amount equal to the sum of—

"(1) the amount of any other Federal grant that the applicant has obtained, or is assured of obtaining, with respect to construction that is to be financed in part by a grant authorized under this part; and

"(2) the amount of any non-Federal funds required to be expended as a condition of such other Federal grant.

"(d) WAIVER OF LIMITATIONS.—The limitations imposed by subsection (a) may be waived at the discretion of the Director for institutions described in section 499D(d)(2).

"SEC. 499F. RECAPTURE OF PAYMENTS.

"If, not later than 20 years after the completion of construction for which a grant has been awarded under this part—

"(1) the applicant or other owner of the facility shall cease to be a public or nonprofit private institution; or

"(2) the facility shall cease to be used for the research purposes for which it was constructed (unless the Director determines, in accordance with regulations, that there is good cause for releasing the applicant or other owner from obligation to do so);

the United States shall be entitled to recover from the applicant or other owner of the facility the amount bearing the same ratio to the current value (as determined by an agreement between the parties or by action brought in the United States District Court for the district in which such facility is situated) of the facility as the amount of the Federal participation bore to the cost of the construction of such facility.

"SEC. 499G. NONINTERFERENCE WITH ADMINISTRATION OF INSTITUTIONS.

"Except as otherwise specifically provided in this part, nothing contained in this part shall be construed as authorizing any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over, or impose any requirement or condition with respect to, the research conducted by, and the personnel or administration of, any institution.

"SEC. 499H. REGULATIONS.

"Not later than 6 months after the date of enactment of this part, the Director, after consultations with the Advisory Council, shall prescribe regulations concerning the eligibility of institutions for grants awarded under this part, and the terms and conditions applicable to the approval of applications for such grants. The Director may prescribe such other regulations as the Director determines necessary to carry out this part.

"SEC. 499I. PEER REVIEW OF APPLICATIONS.

"(a) IN GENERAL.—The Director shall require appropriate peer review of applications for grants under this part in accordance with section 492.

"(b) MANNER OF REVIEW.—Review of grant applications under this part shall be conducted in a manner consistent with the system of scientific peer review conducted by scholars with regard to applications for grants under this Act for biomedical and behavioral research.

"(c) MEMBERSHIP.—Members of a peer review group established under this section shall be individuals who, by the virtue of their training or experience, are eminently qualified to perform peer review functions, except that not more than one-fourth of the members of any peer review group shall be officers or employees of the United States.

"SEC. 499J. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to award grants and otherwise carry out this part, $150,000,000 for fiscal year 1990, and such sums as are necessary for each of the fiscal years 1991 and 1992. Sums appropriated pursuant to this section shall remain available until expended.".

TITLE II—NATIONAL CENTER FOR MEDICAL REHABILITATION RESEARCH

SEC. 201. NATIONAL CENTER FOR MEDICAL REHABILITATION RESEARCH.

Part E of title IV of the Public Health Service Act (42 U.S.C. 287 et seq.) is amended by adding at the end thereof the following new subpart:

"Subpart 4—National Center for Medical Rehabilitation Research

"SEC. 486A. PURPOSE OF THE CENTER.

"The purpose of the National Center for Medical Rehabilitation Research (hereinafter referred to in this subpart as the 'Center') is the conduct and support of biomedical and related research and research training, the dissemination of health information, and other programs with respect to the rehabilitation of individuals with physical disabilities resulting from diseases or disorders of the neurological, musculoskeletal, cardiovascular, or other physiologic systems (hereinafter referred to in this subpart as 'medical rehabilitation').

"SEC. 486B. APPOINTMENT OF THE DIRECTOR.

"The Director of the Center shall be appointed by the Secretary and shall report directly to the Director of the National Institutes of Health.

"SEC. 486C. SPECIFIC AUTHORITIES.

"In carrying out the purpose described in section 486A, the Director of the Center may—

"(1) make grants and enter into cooperative agreements and contracts;

"(2) provide for clinical trials with respect to medical rehabilitation;

"(3) provide for research with respect to model systems of medical rehabilitation;

"(4) coordinate the activities of the Center with similar activities of other agencies of the Federal government, including the other agencies of the National Institutes of Health, and with similar activities of other public entities and of private entities;

"(5) support multidisciplinary medical rehabilitation research conducted or supported by more than one such agency;

"(6) with the approval of the Director of the National Institutes of Health and the advisory council established under section 486F, appoint technical and scientific peer review groups in addition to any such groups appointed under section 402(b)(6); and

"(7) support medical rehabilitation research and training centers.

"SEC. 486D. RESEARCH PLAN.

"(a) DEVELOPMENT.—After consultation with the Director of the Center, the advisory council established under section 486F, and the coordinating committee established under section 486E, the Director of the National Institutes of Health shall develop a comprehensive plan for the conduct and support of medical rehabilitation research.

"(b) CONTENTS.—The plan shall identify priorities with respect to medical rehabilitation research and shall provide for the coordination of such research conducted or supported by the agencies of the National Institutes of Health.

"(c) REVISION.—The Director of the National Institutes of Health shall (after consultation with the Director of the Center and with the advisory council established under section 486F and the coordinating committee established under section 486E) revise the plan as appropriate.

"SEC. 486E. COORDINATING COMMITTEE.

"(a) ESTABLISHMENT.—The Director of the National Institutes of Health shall establish a committee to be known as the Medical Rehabilitation Coordinating Committee (hereinafter referred to in this subpart as the 'Coordinating Committee').

"(b) COMPOSITION.—The Coordinating Committee shall be composed of the Directors of the National Institute on Aging, the National Institute of Arthritis and Musculoskeletal and Skin Diseases, the National Institute of Child Health and Human Development, the National Institute of Neurological Disorders and Stroke, and of such other national research institutes as the Director of the National Institutes of Health determines to be appropriate.

"(c) DUTIES.—The Coordinating Committee shall make recommendations to the Director of National Institutes of Health and the Director of the Center with respect to the contents of the plan required under section 486D and with respect to the activities of the Center that are carried out in conjunction with other agencies of the National Institutes of Health.

"SEC. 486F. ADVISORY COUNCIL.

"(a) ESTABLISHMENT.—The Director of the National Institutes of Health shall establish a council to be known as the Medical Rehabilitation Advisory Council (hereinafter referred to in this section as the 'Advisory Council').

"(b) DUTIES.—The Advisory Council shall advise, assist, consult with, and make recommendations to the Director of the National Institutes of Health and the Director of the Center on matters relating to the activities carried out by and through the Center and the policies respecting such activities, including recommendations with respect to the plan required in section 486D.

"(c) MEMBERSHIP.—

"(1) IN GENERAL.—The Director of the National Institutes of Health shall appoint to the Advisory Council 18 appropriately qualified representatives of the general public who shall not be officers or employees of the United States. Of such members, 12 shall be representatives of health and scientific disciplines with respect to medical rehabilitation and 6 shall be individuals representing the interests of individuals undergoing, or in need of, medical rehabilitation.

"(2) EX OFFICIO MEMBERS.—The following officials shall serve as ex officio members of the Advisory Council:

"(A) The Director of the National Institutes of Health.

"(B) the Director of the Center.

"(C) The Director of the National Institute on Aging.

"(D) The Director of the National Institute of Arthritis and Musculoskeletal and Skin Diseases.

"(E) The Director of the National Institute of Child Health and Human Development.

"(F) The Director of the National Institute of Neurological Disorders and Stroke.

"(G) The Assistant Secretary for Special Education and Rehabilitative Services.

"(H) The Assistant Secretary of Defense (Health Affairs).

"(I) The Chief Medical Director of the Veterans' Administration.

"(d) CHAIRPERSON.—The Director of the National Institutes of Health shall designate a chairperson from among the members of the Advisory Council.

"(e) CONSTRUCTION.—Except as inconsistent with, or inapplicable to, this section, the provisions of section 406 shall apply to the advisory council established under this section in the same manner as such provisions apply to any advisory council established under section 406.".

TITLE III—SCIENTIFIC PERSONNEL DEMONSTRATION PROGRAM

SEC. 301. SCIENTIFIC PERSONNEL DEMONSTRATION PROGRAM.

(a) ESTABLISHMENT.—Part A of title III of the Public Health Service Act is amended by inserting after section 304 (42 U.S.C. 242b) the following new section:

"SEC. 304A. SENIOR BIOMEDICAL SCIENTIFIC SERVICE.

"(a) ESTABLISHMENT.—The Secretary is authorized to establish a Senior Biomedical Scientific Service (hereinafter referred to in this section as the 'Service').

"(b) MEMBERSHIP.—

"(1) APPOINTMENT.—The members of Service shall be appointed by the Secretary without regard to the provisions of title 5, United States Code, regarding appointment, and shall be composed of no more than 800 individuals who are outstanding in the field of biomedical research, behavioral research, or clinical research evaluation.

"(2) QUALIFICATIONS.—An individual shall not be appointed to the Service unless such individual—

"(A) has earned a doctoral level degree in biomedicine or in a related field; and

"(B) meets the qualification standards prescribed by the Office of Personnel Management for appointment to a position at GS-15 of the General Schedule.

"(3) APPLICABILITY OF CERTAIN PROVISIONS.—Notwithstanding any other provision of law, the provisions of subchapter I of chapter 35 (relating to retention preference), chapter 43 (relating to performance appraisal and performance-based actions), chapter 51 (relating to classification), subchapter III of chapter 53 (relating to General Schedule pay rates), and chapter 75 (relating to adverse actions) of title 5, United States Code, shall not apply to any member of the Service.

"(c) DUTIES.—Members of the Service shall be assigned by the Secretary to perform duties directly involving biomedical research, behavioral research, or clinical research evaluation, or to duties involving the supervision of other scientists who are engaged in carrying out such activities.

"(d) COMPENSATION.—

"(1) IN GENERAL.—The Secretary shall determine, subject to the provisions of this subsection, the basic and supplemental pay of members of the Service.

"(2) BASIC PAY.—The basic pay of a member of the Service shall not be less than the minimum rate payable for individuals who are paid at GS-15 of the General Schedule and shall not exceed the rate provided for individuals who are paid at level IV of the Executive Schedule.

"(3) SUPPLEMENTAL PAY.—

"(A) AUTHORITY.—To recruit and retain personnel of outstanding accomplishment, the Secretary may pay to a member of the Service supplemental pay that shall not exceed the amounts specified in subparagraph (B).

"(B) AMOUNTS.—For purposes of subparagraph (A), the amount of supplemental pay shall not exceed—

"(i) $10,000, in the case of a member whose duties include significant administrative responsibility; and

"(ii) $25,000, in the case of a member distinguished by significant accomplishment.

"(C) ACCOMPLISHMENT.—A member may be paid supplemental pay to recognize the administrative responsibilities or the scientific accomplishments of the member, except that in no case shall the total basic pay and supplemental pay paid to a member exceed the rate of pay for individuals who are paid at level I of the Executive Schedule.

"(e) RETIREMENT.—For purposes of section 211, the continuous service in the Service of any individual who commences such service on the termination of such individuals service as a commissioned officer in the Public Health Service Corps may be treated as

service as a commissioned officer in the Public Health Service Corps, and in such case shall not be considered as service that is subject to any other retirement system for officers and employees of the Federal government.

"(f) COST.—The Service shall be administered in such manner so that, with respect to fiscal year 1990, it shall not result in additional appropriations for the Department of Health and Human Services.

"(g) REPORT TO CONGRESS.—Not later than September 30, 1993, the Secretary shall prepare and submit, to the appropriate Committees of Congress, a report concerning the Service that shall include an evaluation of the effectiveness of the Service and a recommendation as to whether the Service should be established permanently within the Public Health Service.

"(h) TERMINATION.—The Service shall terminate on the last day of the fifth fiscal year that begins after the date on which the Service attains full membership (as provided for in subsection (b)). The Secretary shall notify all affected employees of such termination not later than 90 days before the date of such termination.".

(b) CONFORMING AMENDMENT.—Section 5948(g)(1) of title 5, United States Code, is amended—

(1) by striking out "or" at the end of subparagraph (H);

(2) by striking out "and" 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) section 304A of the Public Health Service Act, relating to the Senior Biomedical Scientific Service; and".

SEC. 401. NIH DIRECTOR'S DISCRETIONARY FUND.

Section 402(b) of the Public Health Service Act (42 U.S.C. 282(b)) is amended—

(1) in paragraph (10), by striking out "and" at the end thereof;

(2) in paragraph (11), by striking out the period and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (11) the following new paragraph:

"(12) may, at the discretion of the Director, retain one half of 1 percent of the total amount appropriated for extramural grants under _____, not to exceed $25,000,000 in each fiscal year, in an account to be used to support the hiring of staff and the purchasing or renting of equipment and space for research that cannot otherwise be supported adequately because of funding cycle constraints, or because such research does not fit clearly into the research assignment of any existing Institute.".

Mr. HATCH. Mr. President, I am pleased to join with my colleague, the chairman of the Committee on Labor and Human Resources, as an original cosponsor of the Biomedicine Research Act of 1989. This bill contains many of the provisions of S. 2222, a bill that was reported out of the committee last year.

The bill covers a number of areas that are of interest to the biomedical community, particularly the colleges and universities of America. In addition, the bill proposes to establish: a new National Center for Medical Rehabilitation Research; an NIH Director's discretionary fund; and a Senior Scientist Service.

Mr. President, I would like to take a moment to discuss the importance of this last issue. We all are aware of the problems associated with the recruitment and retention of scientific personnel in the Public Health Service. This is a problem that is not unique to the HIH but also has a negative impact on the Food and Drug Administration, the Alcohol, Drug Abuse, and Mental Health Administration, and the Centers for Disease Control. The inability to retain scientists during their most productive years is costing us dearly in research and leadership in these agencies. In addition, the cost to replace and train personnel adds an additional burden to an already stressed system.

I hope that others will join with me in cosponsoring this legislation.

ADDITIONAL COSPONSORS

S. 67

At the request of Mr. INOUYE, the name of the Senator from Virginia [Mr. WARNER] was added as a cosponsor of S. 67, a bill to establish a temporary program under which parental diacetylmorphine will be made available through qualified pharmacies for the relief of intractable pain due to cancer.

S. 135

At the request of Mr. GLENN, the names of the Senator from Georgia [Mr. NUNN], the Senator from Nevada [Mr. BRYAN], the Senator from Maryland [Mr. SARBANES], and the Senator from Texas [Mr. BENTSEN] were added as cosponsors 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 processes of the Nation, to protect such employees from improper political solicitations, and for other purposes.

S. 216

At the request of Mr. MOYNIHAN, the name of the Senator from Maryland [Mr. SARBANES] was added as a cosponsor of S. 216, a bill to establish the Social Security Administration as an independent agency, which shall be headed by a Social Security Board, and which shall be responsible for the administration of the old-age, survivors, and disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such act.

S. 335

At the request of Mr. MCCAIN, the name of the Senator from Nevada [Mr. REID] was added as a cosponsor of S. 335, 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.

S. 357

At the request of Mr. SYMMS, the name of the Senator from Kansas [Mr. DOLE] was added as a cosponsor of S. 357, a bill to provide that the Secretary of Transportation may not issue regulations reclassifying anhydrous ammonia under the Hazardous Materials Transportation Act.

S. 488

At the request of Mr. FOWLER, the names of the Senator from Iowa [Mr. HARKIN] and the Senator from New Jersey [Mr. LAUTENBERG] 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. 570

At the request of Mr. DANFORTH, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 570, a bill to amend the Internal Revenue Code of 1986 to enhance the incentive for increasing research activities.

S. 623

At the request of Mr. HARKIN, the name of the Senator from Oregon [Mr. HATFIELD] was added as a cosponsor of S. 623, a bill to amend the Federal Food, Drug, and Cosmetic Act to prescribe labeling requirements for foods which contain vegetable oils and for other purposes.

S. 659

At the request of Mr. SYMMS, the name of the Senator from Wisconsin [Mr. KASTEN] was added as a cosponsor of S. 659, a bill to repeal the estate tax inclusion related to valuation freezes.

S. 673

At the request of Mr. BRYAN, the name of the Senator from Texas [Mr. BENTSEN] was added as a cosponsor of S. 673, a bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 and the Motor Vehicle Information and Cost Savings Act to authorize appropriations for fiscal years 1990 and 1991, and for other purposes.

S. 932

At the request of Mr. HATFIELD, the names of the Senator from Vermont [Mr. LEAHY], the Senator from Oregon [Mr. PACKWOOD], the Senator from Hawaii [Mr. INOUYE], and the Senator from Tennessee [Mr. SASSER] were added as cosponsors of S. 932, a bill to amend the Solid Waste Disposal Act so as to authorize the Environmental Protection Agency to take certain action to protect the environment; to mitigate water pollution; to reduce solid waste and the cost in connection with the disposal of such waste through recycling; and for other purposes.

S. 959

At the request of Mr. DASCHLE, the name of the Senator from Arkansas, [Mr. BUMPERS] 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.

S. 980

At the request of Mr. MITCHELL, the name of the Senator from Ohio [Mr. METZENBAUM] was added as a cosponsor of S. 980, a bill to amend the Internal Revenue Code of 1986 to improve the effectiveness of the low-income housing credit.

S. 998

At the request of Mr. PRYOR, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 998, a bill to improve rural medical data and information transmission, and for other purposes.

S. 1045

At the request of Mr. SYMMS, the names of the Senator from Illinois [Mr. DIXON] and the Senator from California [Mr. CRANSTON] were added as cosponsors of S. 1045, a bill to establish a national environmental policy on the participation of the United States in international financing.

S. 1060

At the request of Mr. PRYOR, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 1060, a bill to amend the Internal Revenue Code of 1986 to provide refundable income tax credits to primary health services providers who work in rural health manpower shortage areas, and for other purposes.

S. 1170

At the request of Mr. INOUYE, the name of the Senator from California [Mr. CRANSTON] was added as a cosponsor of S. 1170, a bill to amend the Federal Aviation Act of 1958 to provide for the establishment of limitations on the duty time for flight attendants.

S. 1212

At the request of Mr. SANFORD, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of S. 1212, a bill to amend title II of the Social Security Act to provide for a more gradual period of transition (and a new alternative formula with respect to such transition) to the changes in benefit computation rules enacted in the Social Security Amendments of 1977 as such changes apply to workers born in years after 1916 and before 1927 (and related beneficiaries) and to provide for increases in such workers' benefits accordingly, and for other purposes.

S. 1227

At the request of Mr. BINGAMAN, the names of the Senator from Minnesota [Mr. DURENBERGER], the Senator from Connecticut [Mr. DODD], and the Senator from Colorado [Mr. WIRTH] were added as cosponsors of S. 1227, a bill to amend the Arms Control Act and the Export Administration Act of 1979 to restirct proliferation of missiles and missile equipment and technology.

S. 1311

At the request of Mr. ARMSTRONG, the name of the Senator from New Hampshire [Mr. HUMPHREY] was added as a cosponsor of S. 1311, a bill to amend the Internal Revenue Code of 1986 to provide a 15-percent maximum rate on capital gains for sales or exchanges after the date of enactment of this Act and before 1991, to provide indexing of the bases of capital assets sold or exchanged after 1990, to provide 20-percent maximum rate on capital gains from small business stock, and for other purposes.

S. 1318

At the request of Mr. HELMS, his name was added as a cosponsor of S. 1318, a bill to extend the temporary duty free treatment for certain types of hosiery knitting machines and parts thereof and certain types of knitting needles.

S. 1319

At the request of Mr. HEINZ, the name of the Senator from North Carolina [Mr. HELMS] was added as a cosponsor of S. 1319, a bill to extend the temporary suspension of duties for certain hosiery knitting machines and to include in the suspension single cylinder coarse gauge machines and parts.

S. 1330

At the request of Mr. HELMS, the name of the Senator from North Dakota [Mr. CONRAD] was added as a cosponsor of S. 1330, a bill to provide protections to farm animal facilities engaging in food production or agricultural research from illegal acts, and for other purposes.

S. 1338

At the request of Mr. BIDEN, the name of the Senator from Kansas [Mrs. KASSEBAUM] was added as a cosponsor of S. 1338, a bill to amend title 18, United States Code, to protect the physical integrity of the flag of the United States.

S. 1370

At the request of Mr. GORTON, the name of the Senator from Washington [Mr. ADAMS] was added as a cosponsor of S. 1370, a bill to provide for adjustments of status of certain nationals of the People's Republic of China.

SENATE JOINT RESOLUTION 71

At the request of Mr. HELMS, the name of the Senator from Hawaii [Mr. MATSUNAGA] was added as a cosponsor of Senate Joint Resolution 71, a joint resolution designating April 16 through 22, 1989, as "National Ceramic Tile Industry Recognition Week."

SENATE JOINT RESOLUTION 115

At the request of Mr. PRYOR, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of Senate Joint Resolution 115, a joint resolution to designate the period commencing on September 9 and ending on September 15, 1989, as "National Nursing Home Residents' Rights Week."

SENATE JOINT RESOLUTION 116

At the request of Ms. MIKULSKI, the names of the Senator from Nebraska [Mr. KERREY], the Senator from Nebraska [Mr. EXON], the Senator from Wisconsin [Mr. KOHL], and the Senator from Virginia [Mr. ROBB] were added as cosponsors of Senate Joint Resolution 116, a joint resolution to designate the week beginning October 8, 1989, as "National Infertility Awareness Week."

SENATE JOINT RESOLUTION 175

At the request of Mr. D'AMATO, the names of the Senator from Kansas [Mr. DOLE], the Senator from Indiana [Mr. LUGAR], the Senator from North Dakota [Mr. BURDICK], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Ohio [Mr. GLENN], and the Senator from Michigan [Mr. LEVIN] were added as cosponsors of Senate Joint Resolution 175, a joint resolution designating the week beginning September 17, 1989, as "Emergency Medical Services Week."

SENATE CONCURRENT RESOLUTION 52

At the request of Mr. HATFIELD, the names of the Senator from Minnesota [Mr. DURENBERGER], the Senator from North Dakota [Mr. BURDICK], the Senator from Oregon [Mr. PACKWOOD], the Senator from Nevada [Mr. REID], the Senator from Alabama [Mr. SHELBY], the Senator from Hawaii [Mr. MATSUNAGA], and the Senator from Washington [Mr. ADAMS] were added as cosponsors of Senate Concurrent Resolution 52, a concurrent resolution to express the sense of the Congress that science, mathematics, and technology education should be a national priority.

SENATE CONCURRENT RESOLUTION 55

At the request of Mr. DOLE, the names of the Senator from New York [Mr. D'AMATO], the Senator from Illinois [Mr. DIXON], the Senator from Ohio [Mr. GLENN], and the Senator from California [Mr. WILSON] were added as cosponsors of Senate Concurrent Resolution 55, a concurrent resolution to commemorate the volunteers of the United States and the Hugh O'Brian Youth Foundation.

NOTE

In the RECORD of July 18, 1989, under "Additional Cosponsors" there were cosponsors added to the bill S. 1081 instead of to the bill S. 1091. The correct cosponsors listing for S. 1091

was printed in the RECORD of July 20, 1989, and the permanent RECORD has been corrected.

AMENDMENTS SUBMITTED

VETERANS BENEFITS AND HEALTH CARE ACT OF 1989

CRANSTON (AND OTHERS) AMENDMENT NO. 391

(Ordered referred to the Committee on Veterans' Affairs)

Mr. CRANSTON (for himself, Mr. MATSUNAGA, and Mr. DECONCINI) submitted an amendment intended to be proposed to the bill (S. 13) to amend title 38, United States Code, to increase the rates of disability compensation and dependency and indemnity compensation for veterans and survivors, to increase the allowances paid to disabled veterans pursuing rehabilitation programs and to the dependents and survivors of certain disabled veterans pursuing programs of education, and to improve various programs of benefits and health-care services for veterans; and for other purposes, as follows:

At the end thereof, add the following new title:

TITLE III—ADJUDICATION PROCEDURES

SEC. 301. NOTICE OF PROCEDURAL RIGHTS AND OTHER INFORMATION

(a) IN GENERAL.—Chapter 71 of title 38, United States Code, is amended by adding at the end the following new section:

"4011. Notice of procedural rights and other information.".

"In any case in which there has been a disallowance, in whole or in part, of a claim or a partially awarded claim for benefits under laws administered by the Department of Veterans Affairs, the Secretary, as to proceedings other than proceedings before the Board, or the Chairman of the Board, as to proceedings before the Board, shall, at each procedural stage relating to the disposition of such a claim, beginning with disallowance after an initial review or determination, and including the furnishing of a statement of the case and the making of a final determination by the Board, provide to the claimant and such claimant's authorized representative, if any, written notice of the procedural rights of the claimant and the rationale for the disallowance, including a summary of the evidence (or lack of evidence) supporting the disallowance or partial award. Such notice shall be on such forms as the Secretary or the Chairman, respectively, shall prescribe by regulation and shall include, in easily understandable language, with respect to proceedings before the Department of Veterans Affairs (1) descriptions of all subsequent procedural stages provided for by statute, regulation, or Department of Veterans Affairs policy, (2) descriptions of all rights of the claimant expressly provided for in or pursuant to this chapter, of the claimant's rights to a hearing, to reconsideration, to appeal, and to representation, and of any specific procedures necessary to obtain the various forms of review available for consideration of the claim, (3) in the case of an appeal to the Board, the opportunity for a hearing before a traveling section of the Board, and (4) such other information as the Secretary or the Chairman of the Board, respectively, as a matter of discretion, determines would be useful and practical to assist the claimant in obtaining full consideration of the claim.".

(b) The table of sections at the beginning of chapter 71 is amended by adding at the end thereof the following new item:

"4011. Notice of procedural rights and other information.".

Mr. CRANSTON. Mr. President, as chairman of the Committee on Veterans' Affairs, I am today introducing, along with my distinguished colleagues on the committee, Senators MATSUNAGA and DECONCINI, an amendment to S. 13—amendment No. 391. Our amendment would require VA to provide detailed information to persons claiming Department of Veterans Affairs benefits regarding the reasons for disallowances of claims and the procedural options available to them to pursue further those claims that have been disallowed. Specifically, this bill would require VA, at each stage of claims adjudication proceedings in a case in which it has not fully awarded the claim, to provide the claimant and the claimant's representative, if any, clearly written notice of the rationale for the disallowance or partial award and a detailed description of the subsequent procedural alternatives through which the claim might be pursued.

Mr. President, the provisions of this amendment are, as to the procedural-step-notification requirement, substantively identical to those contained in section 108 of S. 11, which was passed by the Senate on July 11, 1988, and also incorporated in section 513 of S. 2011, which was passed by the Senate on October 18, 1988. Unfortunately, neither provision was contained in the final version of S. 11 that was signed into law on November 18, 1988, as division A of Public Law 100-687.

BACKGROUND

Mr. President, on June 22, 1989, the General Accounting Office completed a report—entitled "Improvements Needed in Processing Disability Claims" [GAO/HRD-89-24]—on the Department of Veterans Affairs' processing of claims for service-connected disability compensation and non-service-connected disability pension which, among other things, noted serious deficiencies in VA's provision of notices to claimants regarding its decisions. This report was prepared at the request of Congressman DON EDWARDS, ranking majority member on the House Committee on Veterans' Affairs, and myself, following the joint committee hearing on March 17, 1987, on allegations arising out of the NARS case, of due process violations in VA claims adjudication, and contains a useful overview of the VA claims processing system and the problems that currently exist therein. Mr. President, I ask unanimous consent that the executive summary of the GAO report be printed in the RECORD at the conclusion of my remarks.

[Response.]

Mr. CRANSTON. Mr. President, GAO's inquiry into the claims processing system of VA and the practices employed by VA employees within this system found several significant deficiencies. The report describes three major groups of problems that were found to exist in VA's processing of claims. The first two of these are addressed in whole or in part by the amendment we are introducing today.

First, GAO found that the notices that VA provides to veterans when communicating its decisions on claims were unclear and not informative. GAO also found that occasionally there was no documentation that such notices were sent and that information about how a veteran could appeal a decision was sometimes not included in the notices and that significant numbers of veterans were found not to have been informed that their claims were closed due to a failure to comply with procedural requirements.

Moreover, in approximately 28 percent of the pension notices and over 60 percent of the compensation notices reviewed, insufficient information was found to have been provided on the reason or reasons for VA's decision. GAO found that "Denial notices for compensation claims were especially poor. They often stated only that the claims were denied because service connection was not found."

Second, VA's development of the evidence necessary to properly evaluate claims was found by GAO to be incomplete in approximately 10 percent of claims cases reviewed. The most common flaw in this area was the failure by VA to obtain all available evidence such as medical records. Other deficiencies were the gathering of unnecessary evidence, unreasonable slowness in initiating the development of evidence, and the closing of claims before allowing the claimant sufficient time to provide requested evidence. Veterans' representatives were frequently not provided courtesy copies of letters from VA to their clients regarding the development of evidence.

VA responded to these findings in a May 12, 1989, letter to GAO that was included in appendix III of the GAO report. VA noted that they had "already recognized the need for better correspondence to [their] claimants * * *" and had programmed its computers to provide for limited word-processing capability so that adjudicators preparing notices of proposed reduction or termination of benefits would have more flexibility and not have to rely solely on preprogrammed form letter language as had been the

case. In addition, VA stated that it had issued to field stations an automated letter writing package that is designed to ensure nationwide consistency in notices that are sent to claimants and that notice is given to service organization representatives. VA also stated that it is developing a system of reviewing field station-developed compensation and pension pattern letters, central office-issued form letters, and computer-generated form letters; and noted that several steps had been taken to improve the training of supervisors and to improve the supervision of involved employees at all stages of the claims adjudication process.

These are all useful steps but probably do not go far enough fast enough.

The third major problem that GAO found was VA's slowness in registering compensation and pension claims in its computer system once they were filed. VA was found to take an average of 9 days to enter these claims into the computer system. For 6 percent of these types of claims, VA took over 30 days to register them. VA stated in its response that it had taken steps to increase the speed with which cases are registered, and I do not believe any statutory approach is necessary as to this problem area.

DISCUSSION

Mr. President, in my view, the shortcomings found by GAO in VA's processing of disability claims may seriously impede the furnishing of benefits to eligible veterans. Denial notices that lack meaningful information on the rationale of the decisions and available procedural options are fundamentally unfair. In a system in which claimants are not represented by veterans' service organizations in 59.5 percent of the cases at the regional office level and in 24.5 percent of the cases at the Board of Veterans' Appeals level and in which representation by attorneys is discouraged and infrequent, claimants have a need to be apprised of their procedural rights and the reasons for the decisions affecting benefits to which they may be entitled. Lacking such information, claimants for VA benefits cannot make informed choices on whether to accept or appeal a VA decision.

Mr. President, as I noted earlier, last year the Senate passed section 108 of S. 11, which was nearly identical as to the procedural-steps-notification requirements to the amendment proposed today. The concern at that time was the same that exists now—that veterans claiming VA benefits were not adequately informed of their procedural rights and options in pursuing their claims. Unfortunately, our colleagues in the House Veterans' Affairs Committee would not accept section 108 and the provision was not included in the final version that was enacted. In the joint statement on S. 11 which Chairman MONTGOMERY and I both inserted in the RECORD during final consideration of the legislation, it was noted that section 108 was not included because the committees did "not believe it is necessary to codify the requirements of notice in the Senate bill because the Committee believes that these requirements are a fundamental part of the process rights." [CONGRESSIONAL RECORD, October 18, 1988, S16645; October 19, 1988, H10347]. I believe that the findings of the GAO report now demonstrate that such statutory notice requirements are necessary to ensure that veterans are able to pursue adequately their claims for benefits, and it is for that reason that we are reintroducing this legislation.

In addition to the problems outlined in the GAO report, certain regulations now under development by the Board of Veterans' Appeals raise concerns about the fairness of the procedural requirements imposed on claimants by VA. Some of the restrictions apparently being considered in this regulatory process convince me further that important procedural rights need to be spelled out in the law rather than left to VA's discretion.

Mr. President, VA benefits programs are administered through 58 regional offices, and denials of claims at the regional office level may be appealed to the Board of Veterans' Affairs, which is based in Washington, DC. Until the Court of Veterans Appeals was established pursuant to Public Law 100-687, decisions of the BVA were nonreviewable. This newly created court will have exclusive jurisdiction to review appeals of BVA decisions.

The system that Congress has established to administer VA benefits programs is nonadversarial and largely devoid of attorney involvement at the early stages due to a strict limitation on payment of attorneys fees before a BVA decision is rendered. VA adjudicators are required to resolve all reasonable doubts in favor of the claimant. However, despite the nature of the system, it is often difficult for claimants—especially those who are unrepresented—to understand VA's basis for rejecting an appeal and to comply with the procedural requirements and fully understand the status of their cases. For the system to serve effectively the needs of veterans and ensure that eligible persons receive appropriate benefits, VA must provide clear and complete information to claimants regarding both the procedural process for appeal and the decisions by which their claims are not allowed when that is the case.

The amendment we are submitting today is intended to ensure that veterans are clearly informed as follows: First, in any case where there has been a disallowance or partial disallowance—which would include, for example, a grant of service-connection but at a lesser degree than the veteran had sought—VA would be required to provide the claimant and the claimant's representative with a written notice of the procedural rights of the claimant and the rationale for the disallowance, including a summary of the evidence, or lack of evidence, supporting the decision; and second, VA would generally be required to provide notices written in easily understandable language and include in those notices information on all remaining available procedural stages and options and any other information that the Secretary determines would be useful to assist the claimant in obtaining full consideration of the claimant.

CONCLUSION

Mr. President, this amendment is necessary to remedy deficiencies in VA's handling of claims for benefits. I intend to bring it before the Veterans' Affairs Committee at our July 27 markup and thereafter to the full Senate.

Mr. President, I ask unanimous consent that the executive summary of the GAO report be printed in the RECORD.

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

EXECUTIVE SUMMARY

PURPOSE

Each year, the Department of Veterans Affairs (VA) pays more than $14 billion for disability benefits and processes more than 600,000 initial and reopened applications for these benefits. In congressional hearings, several VA employees, veterans, and a national veterans' association charged that widespread problems in VA's claims-processing procedures were denying veterans due process. The essence of these charges was that VA's emphasis on productivity was causing agency staff to take processing shortcuts, such as closing claims prematurely, failing to send notices, and denying hearings. The Chairman, Senate Veterans' Affairs Committee, and the Ranking Majority Member, House Veterans' Affairs Committee, requested that GAO identify the extent of such processing problems and their impact. To do this, GAO reviewed certain aspects of VA's processing of compensation and pension claims decided in fiscal year 1987.

BACKGROUND

Compensation and pension are the two major benefit programs administered by VA. Compensation benefits are provided to veterans who suffer from disabling injuries or diseases incurred or aggravated while in the military. Pension benefits are provided to totally disabled veterans whose disabilities were not incurred in the military and who meet certain service and financial criteria.

The compensation and pension programs are administered through 58 regional offices. In each office, adjudicators and rating specialists decide eligibilty and degree of disability. Veterans are notified of decisions by letter.

Claims processing is designed to operate with a high degree of concern for the veteran. For example, when processing claims,

VA is required to (1) assist the veteran in gathering necessary evidence and (2) give the veteran the benefit of all reasonable doubt.

RESULTS IN BRIEF

GAO investigated numerous allegations about VA's claims-processing practices and found that the rate of occurenace for most of them was very low or did not appear to adversely affect benefit decisions. GAO did find, however, significant problems in these areas: notices to veterans concerning VA decisions on disability claims did not provide veterans meaningful information; development of claims was sometimes inadequate; and claims were not always controlled promptly.

Overall, GAO concluded that these problems resulted in adverse effects on veterans in about 13 percent of both the compensation and pension claims—mostly because of delays in processing claims. With the exception of notice problems, it was difficult to identify any single cause of these problems. Rather, they seemed to result from limitations of quality control systems, poorly designed and maintained manuals, and reduced levels of supervision.

PRINCIPAL FINDINGS

VA notices not informative

VA's primary means of communicating its decisions on claims to veterans is through written notices. GAO found several shortcomings in VA notices. Most often they were not clear because they did not provide the veteran with information necessary to make a knowledgeable decision on whether or not to appeal. Sometimes, GAO found no evidence that notices were sent. In some other instances, notices lacked information about how to file an appeal. Finally, a significant number of veterans were not informed that their claims were closed because the veterans failed to provide information requested by VA or did not appear for a medical examination.

Evidence development is sometimes inadequate

Development, a critical phase of claim processing, consists of gathering evidence needed to determine whether a veteran is eligible for benefits and the amount of any such benefits. VA did not properly develop about 10 percent of the claims GAO reviewed. Most often, VA underdeveloped the veteran's claim by not obtaining all available evidence. In other cases. VA (1) overdeveloped the claim by obtaining unnecessary evidence. (2) was unreasonably slow to initiate development, or (3) closed claims before allowing the veteran sufficient time to provide requested evidence.

In addition, VA frequntly did not send courtesy copies of development letters to veterans' representatives. This many have hindered them in assisting veterans in obtaining disability benefits.

Problems with controlling claims

VA controls (logs in) every claim for VA benefits to assure that they are placed in the agency's computer and that processing is not delayed. VA took an average of 9 days to control compensation and pension claims—2 days more than its goal, About 6 percent of the claims required over 30 days to control, delaying processing of the claims.

Factors causing processing problems

Unclear notices are largely attributable to VA's rigid automated notification system; the system provides little flexibility to add information that could explain the reasons for VA decisions.

Various administrative control weaknesses contribute to the occurrence and persistence of other processing problems. VA's quality control system does not measure how well regional offices process compensation and pension claims; noncompliance with sampling requirements and lack of independent reviewers also cause results to be unreliable. The procedural manual is not indexed or organized in a way that aids staff in finding processing rules, an' the manual is not always updated in a .imely manner. Lastly, staff reductions appear to have reduced the level of supervision over claims processing, increasing the risk that errors will not be caught.

RECOMMENDATIONS

To improve the processing of veterans' claims for compensation and pension benefits at VA, GAO is making several recommendations to the Secretary:

Build flexibiltiy into the computer system that generates notices so that notices will more completely explain the reasons for decisions and allow regional office staff to examine and improve the notification.

Update, simplify, and index the operating manual to make it a more useful reference tool.

Evaluate whether the extent of supervision is sufficient to provide acceptable levels of quality in claims processing.

AGENCY COMMENTS

VA concurred with all of GAO's recomendations and described its planned actions to improve notices and the operating manual as well as evaluate its level of supervision. If fully implemented, VA's planned actions address the intent of GAO's recommendations.

NATIONAL DEFENSE AUTHORIZATION ACT—FISCAL YEARS 1990 AND 1991

NUNN (AND OTHERS) AMENDMENT NO. 392

Mr. NUNN (for himself), Mr. WARNER, Mr. LEVIN, Mr. WILSON, Mr. EXON, Mr. THURMOND, Mr. KENNEDY, Mr. BINGAMAN, Mr. DIXON, Mr. GLENN, Mr. GORE, Mr. WIRTH, Mr. SHELBY, Mr. BYRD, Mr. COHEN, Mr. MCCAIN, Mr. WALLOP, Mr. GORTON, Mr. LOTT, Mr. COATS, Mr. DECONCINI, and Mr. BOREN) proposed an amendment to the bill (S. 1352) to authorize appropriations for fiscal years 1990 and 1991 for military functions of the Department of Defense and to prescribe military personnel levels for such Department for fiscal years 1990 and 1991, and for other purposes, as follows:

At the end of part A of title I insert the following:

"SEC. 108. AUTHORIZATION OF APPROPRIATIONS OF ADDITIONAL AMOUNTS FOR PROCUREMENT OF MISSILES

(a) FISCAL YEAR 1990.—Funds are hereby authorized to be appropriated for fiscal year 1990 for procurement of missiles for the Army, Navy, and Air Force as follows:

For the Army, $362,400,000.

For the Navy, $125,100,000.

For the Air Force, $109,300,000.

(b) FISCAL YEAR 1991.—Funds are hereby authorized to be appropriated for fiscal year 1991 for procurement of missiles for the Army and Air Force as follows:

For the Army, $227,500,000.

For the Air Force, $109,300,000.

(c) ADDITIONAL AUTHORIZATION.—Funds authorized to be appropriated pursuant to subsections (a) and (b) are in addition to funds authorized to be appropriated under sections 101, 102, and 103.

SPECTER AMENDMENT NO. 393

(Ordered to lie on the table.)

Mr. SPECTER submitted an amendment intended to be proposed by him to the bill S. 1352, supra, as follows:

At the appropriate place insert the following:

SEC. . DEATH PENALTY FOR ESPIONAGE.

(a) ESPIONAGE.—Section 794(a) of title 18, United States Code, is amended by striking "by death or" and by inserting immediately before the period the following: ", or the court may impose a sentence of death in accordance with the procedures set forth in section 7001 of the Anti-Drug Abuse Act of 1988 (21 U.S.C. 848)";

(b) ESPIONAGE IN TIME OF WAR.—Section 794(b) of title 18, United States Code, is amended by striking "by death or" and by inserting immediately before the period the following: ", or the court may impose a sentence of death in accordance with the procedures set forth in section 7001 of the Anti-Drug Abuse Act of 1988 (21 U.S.C. 848)";

RURAL PARTNERSHIP ACT

DURENBERGER AMENDMENTS NOS. 394 AND 395

(Ordered to lie on the table.)

Mr. DURENBERGER submitted two amendments intended to be proposed by him to the bill (S. 1036) to improve the economic, community, and educational well-being of rural America, and for other purposes, as follows:

AMENDMENT NO. 394

On page 254, line 16, after the word "stations," insert the following "nonprofit organizations specializing in applied research,".

AMENDMENT NO. 395

On page 259, line 16 insert the following:

"SEC. 712 RURAL TECHNOLOGY TRANSFER AND INNOVATION.

"(a) IN GENERAL.—The Secretary shall establish and implement a program to award matching grants to promote technology transfer, innovation, and new product development. Grantees must be nonprofit organizations which have demonstrable capability in technology transfer, applied research, innovation, and new product development which will lead to economic growth and job creation in rural areas. Applicants must demonstrate the ability to provide a one-to-one financial match.

"(b) AUTHORIZATION FOR APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 in each fiscal year to carry out this program. Amounts appropriated under this subsection shall remain available until expended."

● Mr. DURENBERGER. Mr. President, today I am submitting for printing two amendments that I intend to offer to the Rural Partnership Act of

1989 (S. 1036), when the Senate considers this bill. These amendments will help this bill achieve the goals of enhancing rural America's ability support technologically advanced businesses.●

NATIONAL DEFENSE AUTHORIZATION ACT—FISCAL YEARS 1990 AND 1991

WARNER (AND NUNN) AMENDMENT NO. 396

Mr. WARNER (for himself and Mr. NUNN) proposed an amendment to the bill S. 1352, supra, as follows:

Strike out line 3 on page 15 and everything that follows through line 3 on page 19 and insert the following in lieu thereof:

SEC. 133. B-2 BOMBER PROGRAM REQUIREMENTS AND LIMITATIONS.

(a) AMOUNT AUTHORIZED.—(1) Of the amounts appropriated pursuant to section 103(a)(1) for the Air Force for procurement of aircraft for fiscal year 1990, not more than $2,549,374,000 may be obligated for procurement for the B-2 aircraft program.

(2) Funds appropriated for the Air Force for fiscal year 1990 may not be obligated for the B-2 aircraft until the first flight of a B-2 aircraft has occurred.

(b) BLOCK 1 REQUIREMENTS.—(1) Funds appropriated for the Air Force for fiscal year 1990 for procurement of aircraft may not be obligated for the procurement of B-2 aircraft until—

(A) the initial planned Block 1 program of flight testing of the B-2 aircraft, consisting of approximately 75 flight test hours and 15 flights has been conducted;

(B) the Defense Science Board has conducted an independent review of the Block 1 flight test data and reported the results of that review, together with its findings and conclusions, to the Secretary of Defense;

(C) the Director of Operational Test and Evaluation has evaluated the performance of the B-2 aircraft during its Block 1 flight testing with respect to "Critical Operational Issues" and has provided an "Early Operational Assessment" to the Secretary of Defense; and

(D) the Secretary of Defense certifies to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives that—

(i) no major aerodynamic or flightworthiness problems have been identified during the Block 1 testing;

(ii) the performance milestones (including initial flight testing) for the B-2 aircraft for fiscal year 1990 (as contained in the B-2 full performance matrix program established under section 121 of the National Defense Authorization Act for Fiscal Year 1988 and 1989 (Public Law 100-180) and section 232 of the National Defense Authorization Act, Fiscal Year 1989 (Public Law 100-456)) have been met and that any proposed waiver or modification to the B-2 performance matrix will be provided in writing in advance to such committees;

(iii) the goals of the cost reduction initiatives established for the B-2 program under section 121 of the National Defense Authorization Act for Fiscal Years 1988 and 1989 and section 232 of the National Defense Authorization Act, Fiscal Year 1989 will be achieved; and

(iv) the quality assurance practices and fiscal management controls of the prime contractor and major subcontractors associated with the B-2 program meet or exceed generally applicable Department of Defense standards.

(2) Any certification by the Secretary under paragraph (1)(D) shall include a description of any savings that will be realized under the initiatives referred to in such paragraph.

(c) BLOCK 2 REQUIREMENTS.—Funds appropriated for the Air Force for fiscal year 1990 for the procurement of aircraft may not be obligated for the procurement of B-2 aircraft before the commencement of the low-observables portion of the Block 2 testing on B-2 development aircraft.

(d) DEFENSE SCIENCE BOARD ASSESSMENT.—Of the amounts made available for the Air Force for fiscal year 1990 for the procurement of B-2 aircraft not more than 25 percent may be expended before submission by the Secretary of Defense to the Committees on Armed Services and Appropriations of the Senate and House of Representatives of a classified report containing the assessments of the Low-Observables Panel of the Defense Board as to the progress and problems, if any, encountered during the initial phase of low-observables testing of the B-2.

(e) EFFICIENT PRODUCTION RATE FUNDING.—Funds appropriated for the Air Force for fiscal year 1990 for procurement of aircraft may not be obligated for the procurement of B-2 aircraft until the Secretary of Defense certifies that in the five-year defense program prepared in conjunction with any amended budget request for fiscal year 1991, the Air Force has included sufficient funding for any increase in the production rate of B-2 aircraft required to attain an efficient production rate following the planned acquisition milestone decision authorizing rate production.

(f) APPLICATION OF PROHIBITIONS.—The prohibitions in subsections (b) through (d) apply only to the three new production B-2 aircraft for which funds for procurement were requested in the President's April 1989 amended budget request for fiscal year 1990.

(g) CERTIFICATION REQUIREMENT.—(1) The Secretary of Defense shall certify annually to Congress that the unit flyaway cost for 132 B-2 aircraft measured in constant 1990 dollars does not exceed $295,000,000 per aircraft.

(2) The certification required by this subsection shall be submitted not later than March 15, 1990, and each succeeding March 15 thereafter until the B-2 procurement program is completed. Such certification shall be submitted to the Committees on Armed Services and on Appropriations of the Senate and the House of Representatives.

(3) If the Secretary cannot make the certification required by paragraph (1), the Secretary shall report to Congress the amount that the unit flyaway cost will exceed the amount described in paragraph (1) and submit an explanation of the reasons for such an increase in cost.

NUNN (AND WARNER) AMENDMENT NO. 397

Mr. NUNN (for himself and Mr. WARNER) proposed an amendment to amendment No. 396 proposed by Mr. WARNER (and Mr. NUNN) to the bill S. 1352, supra, as follows:

In the amendment proposed by Mr. Warner and Mr. Nunn strike everything after "SEC. 133. B-2 BOMBER PROGRAM REQUIREMENTS AND LIMITATIONS." and insert in lieu thereof the following:

(a) AMOUNT AUTHORIZED.—Of the amounts appropriated pursuant to section 103(a)(1) for the Air Force for procurement of aircraft for fiscal year 1990, not more than $2,549,374,000 may be obligated for procurement for the B-2 aircraft program.

(b) BLOCK 1 REQUIREMENTS.—(1) Funds appropriated for the Air Force for fiscal year 1990 for procurement of aircraft may not be obligated for the procurement of B-2 aircraft until—

(A) the initial planned Block 1 program of flight testing of the B-2 aircraft, consisting of approximately 75 flight test hours and 15 flights has been conducted;

(B) the Defense Science Board has conducted an independent review of the Block 1 flight test data and reported the results of that review, together with its findings and conclusions, to the Secretary of Defense;

(C) the Director of Operational Test and Evaluation has evaluated the performance of the B-2 aircraft during its Block 1 flight testing with respect to "Critical Operational Issues" and has provided an "Early Operational Assessment" to the Secretary of Defense; and

(D) the Secretary of Defense certifies to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives that—

(i) no major aerodynamic or flightworthiness problems have been identified during the Block 1 testing;

(ii) the performance milestones (including initial flight testing) for the B-2 aircraft for fiscal year 1990 (as contained in the B-2 full performance matrix program established under section 121 of the National Defense Authorization Act for Fiscal Years 1988 and 1989 (Public Law 100-180) and section 232 of the National Defense Authorization Act, Fiscal Year 1989 (Public Law 100-456)) have been met and that any proposed waiver or modification to the B-2 performance matrix will be provided in writing in advance to such committees;

(iii) the goals of the cost reduction initiatives established for the B-2 program under section 121 of the National Defense Authorization Act for Fiscal Years 1988 and 1989 and section 232 of the National Defense Authorization Act, Fiscal Year 1989 will be achieved; and

(iv) the quality assurance practices and fiscal management controls of the prime contractor and major subcontractors associated with the B-2 program meet or exceed generally applicable Department of Defense standards.

(2) Any certification by the Secretary under paragraph (1)(D) shall include a description of any savings that will be realized under the initiatives referred to in such paragraph.

(c) BLOCK 2 REQUIREMENTS.—Funds appropriated for the Air Force for fiscal year 1990 for the procurement of aircraft may not be obligated for the procurement of B-2 aircraft before the commencement of the low-observables portion of the Block 2 testing on B-2 developmental aircraft.

(d) DEFENSE SCIENCE BOARD ASSESSMENT.—Of the amounts made available for the Air Force for fiscal year 1990 for the procurement of B-2 aircraft not more than 25 percent may be expended before submission by the Secretary of Defense to the Committees on Armed Services and Appropriations of

the Senate and House of Representatives of a classified report containing the assessments of the Low-Observables Panel of the Defense Science Board as to the progress and problems, if any, encountered during the initial phase of low-observables testing of the B-2.

(e) EFFICIENT PRODUCTION RATE FUNDING.—Funds appropriated for the Air Force for fiscal year 1990 for procurement of aircraft may not be obligated for the procurement of B-2 aircraft until the Secretary of Defense certifies that, in the five-year defense program prepared in conjunction with any amended budget request for fiscal year 1991, the Air Force has included sufficient funding for any increase in the production rate of B-2 aircraft required to attain an efficient production rate following the planned acquisition milestone decision authorizing rate production.

(f) APPLICATION OF PROHIBITIONS.—The prohibitions in subsections (b) through (d) apply only to the three new production B-2 aircraft for which funds for procurement were requested in the President's April 1989 amended budget request for fiscal year 1990.

(g) CERTIFICATION REQUIREMENT.—(1) The Secretary of Defense shall certify annually to Congress that the unit flyaway cost for 132 B-2 aircraft measured in constant 1990 dollars does not exceed $295,000,000 per aircraft.

(2) The certification required by this subsection shall be submitted not later than March 15, 1990, and each succeeding March 15 thereafter until the B-2 procurement program is completed. Such certification shall be submitted to the Committee on Armed Services and on Appropriations of the Senate and the House of Representatives.

(3) If the Secretary cannot make the certification required by paragraph (1), the Secretary shall report to Congress the amount that the flyaway cost will exceed the amount described in paragraph (1) and submit an explanation of the reasons for such an increase in cost.

CORDELL BANK NATIONAL MARINE SANCTUARY

HOLLINGS AMENDMENT NO. 398

Mr. GRAHAM (for Mr. HOLLINGS) proposed an amendment to the joint resolution (H.J. Res. 281) to approve the designation of the Cordell Bank National Marine Sanctuary, to disapprove a term of that designation, to prohibit the exploration for, or the development or production of oil, gas, or minerals in any area of that sanctuary, and for other purposes, as follows:

Strike section 3.

NOTICES OF HEARINGS

SUBCOMMITTEE ON CONSERVATION AND FORESTRY

Mr. LEAHY. Mr. President, I wish to announce that the Subcommittee on Conservation and Forestry of the Committee on Agriculture, Nutrition, and Forestry will postpone its hearing on Water Quality Protection on August 2, 1989, to September 19, 1989, at 9 a.m. The hearing will be held in room 332, Russell Senate Office Building.

Senator WYCHE FOWLER, Jr., will preside. For further information please contact DuBoise White of the subcommittee staff at 224-5027.

SUBCOMMITTEE ON MINERAL RESOURCES DEVELOPMENT AND PRODUCTION

Mr. JOHNSTON. Mr. President, I would like to announce for the public that a hearing has been scheduled before the Mineral Resources Development and Production Subcommittee of the Committee on Energy and Natural Resources.

The hearing will take place on Monday, July 31, 1989, at 9 a.m. in room SD-366 of the Senate Dirksen Office Building in Washington, DC.

The purpose of the hearing is to receive testimony concerning S. 30, a bill to provide for certain requirements relating to the conversion of oil shale mining claims located under the General Mining Law of 1872 to leases, and H.R. 2392, a bill that amends section 37 of the Mineral Leasing Act relating to oil shale claims.

Those wishing to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, U.S. Senate, Dirksen Senate Office Building, room 364, Washington, DC 20510. For further information, please contact Lisa Vehmas of the subcommittee staff at (202) 224-7555.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. JOHNSTON. Mr. President, I would like to announce for the public that a hearing has been scheduled before the Committee on Energy and Natural Resources.

The hearing will take place on Monday, July 31, 1989, at 2 p.m. in room SD-366 of the Senate Dirksen Office Building in Washington, DC.

The purpose of the hearing is to receive testimony on the Department of Energy's efforts to improve the operations and management of its atomic energy defense activities and its efforts to restore public credibility in the Department's ability to operate its facilities in a safe and environmentally sound manner. The hearing will also focus on S. 972, S. 1304, and any other legislation pending before the Committee related to the environment, safety, and health aspects of operation of the Department's nuclear facilities.

For further information, please contact Mary Louise Wagner at (202) 224-7569.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. GRAHAM. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Monday, July 24, 1989, at 2:30 p.m. to conduct a hearing on National Institutes of Health and Biomedical Research.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. GRAHAM. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources, be authorized to meet during the session of the Senate on July 24, 1989, at 2 p.m. for a hearing to receive testimony on Senate Amendment 229, the Gulf of Mexico Oil Spill Prevention and Response Act.

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

SUBCOMMITTEE ON PUBLIC LANDS, NATIONAL PARKS AND FORESTS

Mr. GRAHAM. Mr. President, I ask unanimous consent that the Subcommittee on Public Lands, National Parks and Forests of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on July 24, 1989, at 10 a.m. to receive testimony on S. 974, a bill to designate certain lands in the State of Nevada as wilderness, and for other purposes.

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

COMMITTEE ON ARMED SERVICES

Mr. GRAHAM. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet on Monday, July 24, 1989, in closed session to discuss burdensharing issues relating to S. 1352, the national defense authorization bill for fiscal years 1990 and 1991.

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

COMMITTEE ON ARMED SERVICES

Mr. GRAHAM. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet on Monday, July 24, 1989, at 4:30 p.m. in closed session to receive a briefing on North Korea.

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

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. GRAHAM. Mr. President, I ask unanimous consent that the full Committee on Environment and Public Works be authorized to meet during the session of the Senate on Monday, July 24, 1989, beginning at 2 p.m. to hear John F. Turner, nominated by the President to be Director of the U.S. Fish and Widlife Service, Department of the Interior, and Constance B. Harriman, nominated by the President to be Assistant Secretary for Fish and Wildlife, Department of the Interior.

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

S. 358—IMMIGRATION REFORM ACT

The text of the bill S. 358, as passed by the Senate on July 13, 1989, is as follows:

S. 358

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

TITLE I—IMMIGRATION ACT OF 1989

SEC. 101. SHORT TITLE; REFERENCES IN TITLE.

(a) SHORT TITLE.—This title may be cited as the "Immigration Act of 1989".

(b) REFERENCES IN ACT.—Except as specifically provided in this title, whenever in this title an amendment or repeal is expressed as an amendment to, or repeal of a provision, the reference shall be deemed to be made to the Immigration and Nationality Act.

(c) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

TITLE I—IMMIGRATION ACT OF 1989

Sec. 101. Short title; references in title.
Sec. 102. National level of immigration.
Sec. 103. Preference system for admission of immigrants.
Sec. 104. Deterring immigration-related entrepreneurship fraud.
Sec. 105. Miscellaneous conforming and technical changes.
Sec. 106. User fees.
Sec. 107. Commission on Legal Immigration Reform.
Sec. 108. Action with respect to spouses and children of legalized aliens.
Sec. 109. Continuing provision permitting immigration of certain adopted children.
Sec. 110. Prohibit Federal benefits for illegal aliens.
Sec. 111. Treatment of Hong Kong as a separate foreign state for numerical limitations.
Sec. 112. Document fraud provisions of INA.
Sec. 113. Incentives for trained medical personnel to work in rural areas.
Sec. 114. Entry of certain aircraft crewmembers.
Sec. 115. Effective dates and transition.

TITLE II—NATURALIZATION AMENDMENTS OF 1989

Sec. 201. Short title; references in title.
Sec. 202. Administrative naturalization.
Sec. 203. Substituting 3 months residence in INS district or State for 6 months residence in a State.
Sec. 204. Public education regarding naturalization benefits.
Sec. 205. Naturalization of natives of the Philippines through active-duty service in the Armed Forces during World War II.
Sec. 206. Conforming amendments.
Sec. 207. Effective dates and savings provisions.

TITLE III—STATUS OF STUDENTS FROM THE PEOPLE'S REPUBLIC OF CHINA

Sec. 301. Short title.
Sec. 302. Adjustment of status of certain nationals of the People's Republic of China.
Sec. 303. Task Force on students from the People's Republic of China in the United States.

TITLE IV—BURMESE STUDENTS

Sec. 401. Report to Congress on United States immigration Policy toward Burmese students.

TITLE V—LABOR SHORTAGE REDUCTION

Sec. 501. Definitions.
Sec. 502. Identification, publication, and reduction of labor shortages.
Sec. 503. Authorization of appropriation.

TITLE VI—CENSUS

Sec. 601. Prevention of congressional reapportionment distortions.
Sec. 602. Severability.

SEC. 102. NATIONAL LEVEL OF IMMIGRATION.

(a) WORLDWIDE LEVEL OF IMMIGRATION.—(1) Section 201 (8 U.S.C. 1151) is amended to read as follows:

"WORLDWIDE LEVEL OF IMMIGRATION

"SEC. 201. (a) IN GENERAL.—Exclusive of aliens described in subsection (b), aliens born in a foreign state or dependent area who may be issued immigrant visas or who may otherwise acquire the status of an alien lawfully admitted to the United States for permanent residence are limited to—

"(1) family connection immigrants described in section 203(a) (or who are admitted under section 211(a) on the basis of a prior issuance of a visa to their accompanying parent under section 203(a)) in a number not to exceed in any fiscal year the number specified in subsection (c) for that year, and not to exceed in any of the first 3 quarters of any fiscal year 27 percent of the worldwide level under such subsection for all of such fiscal year; and

"(2) independent immigrants described in section 203(b) (or who are admitted under section 211(a) on the basis of a prior issuance of a visa to their accompanying parent under section 203(b)), in a number not to exceed in any fiscal year the number specified in subsection (d) for that year, and not to exceed in any of the first 3 quarters of any fiscal year 27 percent of the worldwide level under such subsection for all of such fiscal year.

"(b) ALIENS NOT SUBJECT TO DIRECT NUMERICAL LIMITATIONS.—The following aliens are not subject to the worldwide levels or numerical limitations of subsection (a):

"(1)(A) Special immigrants described in subparagraph (A) or (B) of section 101(a)(27).

"(B) Aliens who are admitted under section 207(c) pursuant to a numerical limitation established under section 207(b).

"(C) Aliens whose status is adjusted to permanent residence under section 210, 210A, or 245A.

"(D) Aliens provided permanent resident status under section 249.

"(2)(A)(i) ALIENS WHO ARE IMMEDIATE RELATIVES.—For purposes of this clause, the term 'immediate relatives' means the children, spouses, and parents of a citizen of the United States, except that, in the case of parents, such citizens shall be at least 21 years of age.

"(ii) Aliens admitted under section 211(a) on the basis of a prior issuance of a visa to their accompanying parent who is such an immediate relative.

"(B) Aliens born to an alien lawfully admitted for permanent residence during a temporary visit abroad.

"(C) Aliens who are admitted under section 207(c) pursuant to a numerical limitation established under section 207(a) and aliens who are granted asylum under section 208.

"(c) WORLDWIDE LEVEL OF FAMILY CONNECTION IMMIGRANTS.—(1) The worldwide level of family connection immigrants under this subsection for a fiscal year is equal to—

"(A)(i) 480,000, minus

"(ii) the number computed under paragraph (2), plus

"(iii) the number (if any) computed under paragraph (3); or

"(B) 216,000,

whichever is greater.

"(2) The number computed under this paragraph for a fiscal year is the sum of the number of aliens described in subparagraph (A) and (B) of subsection (b)(2) who were issued immigrant visas or otherwise acquired the status of aliens lawfully admitted to the United States for permanent residence in the previous fiscal year.

"(3) The number computed under this paragraph for a fiscal year is the difference (if any) between the maximum number of visas which may be issued under subsection (a)(2) (relating to independent immigrants) during the previous fiscal year and the number of visas issued under that subsection during that year.

"(d) WORLDWIDE LEVEL OF INDEPENDENT IMMIGRANTS.—(1) The worldwide level of independent immigrants under this subsection for a fiscal year is equal to—

"(A) 150,000, plus

"(B) the number computed under paragraph (2).

"(2) The number computed under this paragraph for a fiscal year is the difference (if any) between the maximum number of visas which may be issued under subsection (a)(1) (relating to family connection immigrants) during the previous fiscal year and the number of visas issued under that subsection during that year.

"(e) REPORT ON, AND REVISION OF, WORLDWIDE LEVEL OF IMMIGRATION.—(1) In January before the beginning of fiscal year 1994 (and in January before each succeeding fiscal year thereafter), the Attorney General, in consultation with the Secretary of Labor, the Secretary of State, the Secretary of Health and Human Services, the Administrator of the Environmental Protection Agency, and the Secretary of Housing and Urban Development, shall prepare and transmit to the President and to the Judiciary Committees of the Senate and of the House of Representatives a report discussing the effect of immigration on the United States. The report shall consider—

"(A) the requirements of citizens of the United States and of aliens lawfully admitted for permanent residence to be joined in the United States by immediate family members;

"(B) the impact of immigration on labor needs, employment, and other economic and domestic conditions in the United States;

"(C) the impact of immigration with respect to demographic and fertility rates and resources and environmental factors; and

"(D) the impact of immigration on the foreign policy and national security interests of the United States.

The report for fiscal year 1994 (and each third fiscal year thereafter) shall include a discussion, based upon such considerations, of the need (if any) to revise the numbers specified in subsection (c)(1)(A)(i), subsection (c)(1)(B), or subsection (d)(1)(A) for any fiscal year of the 3-fiscal-year period beginning with the first fiscal year following transmittal of the report. The Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives shall hold hearings on the findings of the latest such report.

"(2) In March before the beginning of fiscal year 1994 (and of each third fiscal year thereafter), the President shall, after

considering the corresponding report transmitted under paragraph (1) and after soliciting the views of members of the Committees on the Judiciary of the House of Representatives and of the Senate, determine whether or not the numbers specified in subsection (c)(1)(A)(i), subsection (c)(1)(B), or subsection (d)(1)(A) should be changed for any fiscal year of the 3-fiscal-year period beginning with the next following fiscal year, and, if so, which number or numbers should apply instead of the number specified in the respective subsection for the fiscal years of that period. The President shall transmit such determination to the Congress by not later than March 31 before the fiscal year involved and shall deliver such determination to both Houses of Congress on the same day and while each House is in session.

"(3)(A) Notwithstanding the provisions of subsections (c)(1)(A)(i), (c)(1)(B), and (d)(1)(A), if the number transmitted in a determination of the President with respect to subsection (c)(1)(A)(i), subsection (c)(1)(B), or subsection (d)(1)(A) for a fiscal year or years of a 3-fiscal-year period—

"(i) is not less than 95 percent, nor more than 105 percent, of the number specified in that respective subsection, unless the Congress, by not later than August 31 following the date of the transmittal, enacts a joint resolution the substance of which disapproves the change with respect to the number for that respective subsection for that fiscal year or years, the number so transmitted shall take effect and apply, instead of the number specified in that respective subsection, during that period;

"(ii) is less than 95 percent, or more than 105 percent, of the number specified in that respective subsection, if the Congress, by not later than August 31 following the date of the transmittal, enacts a joint resolution the substance of which approves the change with respect to the number specified in that respective subsection for that fiscal year or years, the number so transmitted shall take effect and apply, instead of the number specified in that respective subsection, during that period; or

"(iii) if the President transmits a determination described in (ii), the provisions of (i) shall apply to that portion of the change that amounts to a 5-percent increase or decrease, and the provisions of (ii) shall apply to the remaining portion of the increase or decrease proposed by the President.

"(B) For purposes of this paragraph, a number transmitted by the President under paragraph (2) which takes effect and applies under this paragraph with respect to subsections (c)(1)(A)(i), (c)(i)(B), or (d)(1)(A) with respect to a fiscal year or fiscal years shall be deemed to be the number specified in that same subsection for that period, and that number shall be deemed to be the number specified in that same subsection thereafter unless changed pursuant to this subsection.

"(4) Paragraphs (5), (6), and (7) are enacted—

"(A) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each respective House, but applicable only with respect to the procedure to be followed in the case of joint resolutions described in paragraph (5), and supersede the other rules only to the extent that such paragraphs are inconsistent therewith; and

"(B) with full recognition of the constitutional right of either House to change such rules at any time, in the same manner and to the same extent as in the case of any other rule of that House.

"(5) For purposes of this subsection, the term 'joint resolution', with respect to a change in number transmitted by the President under paragraph (2) for the fiscal years of a three-fiscal-year period, in the case described—

"(A) in paragraph (3)(A)(i), means only a joint resolution of the Congress, the matter after the resolving clause of which is as follows: 'That Congress, pursuant to subsection (e)(3)(A)(i) of section 201 of the Immigration and Nationality Act, disapproves the change proposed by the President in the number specified under subsection of that section for the fiscal year [or years] transmitted to the Congress by the President on ', the blank spaces therein to be filled appropriately; or

"(B) in paragraph (3)(A)(ii), means only a joint resolution of the Congress, the matter after the resolving clause of which is as follows: 'That Congress, pursuant to subsection (e)(3)(A)(ii) of section 201 of the Immigration and Nationality Act, approves the change proposed by the President in the number specified under subsection of that section for the fiscal year [or years] transmitted to the Congress by the President on ', the blank spaces therein to be filled appropriately.

"(6)(A) No later than the first day of session following the day on which a determination is transmitted to the House of Representatives and to the Senate under paragraph (2), which determination provides for a change in a number specified in subsections (c)(1)(A)(i), (c)(1)(B), or (d)(1)(A) for a fiscal year, a joint resolution (as defined in paragraph (5)) with respect to each such change shall be introduced in each House by the chairman of the Committee on the Judiciary of that House, or by a Member or Members of the House designated by such chairman.

"(B)(i) Each joint resolution introduced in a House shall be referred to the Committee on the Judiciary of the respective House. The committees shall make their recommendations to the respective House not later than June 15 following the date of introduction.

"(ii) If the Committee has not reported such a joint resolution with respect to a change by such date, it is in order to move to discharge the Committee from further consideration of the joint resolution, except that no motion to discharge shall be in order after the Committee has reported a joint resolution with respect to the same change.

"(iii) A motion to discharge under clause (ii) may be made only by a Member favoring the joint resolution, is privileged, and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the joint resolution, the time to be divided equally between, and controlled by, in the Senate by the majority leader and the minority leader or their designees and in the House of Representatives by the chairman of the Committee on the Judiciary and the ranking minority member of such committee or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(C)(i) When the Committee has reported, or been discharged from consideration of, a joint resolution, a motion to proceed to the consideration of the joint resolution shall be highly privileged and is not debatable. The motion shall not be subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the joint resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.

"(ii) Debate on a joint resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours, to be equally divided in the Senate between, and controlled by, the majority leader and the minority leader or their designees and to be equally divided in the House of Representatives between individuals favoring and individuals opposing the joint resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the resolution is not in order. A motion to reconsider the vote by which a joint resolution is passed or rejected shall not be in order.

"(iii) Immediately following the conclusion of the debate on a joint resolution, and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final passage of the joint resolution shall occur.

"(iv) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a joint resolution shall be decided without debate.

"(D) If, prior to the passage by one House of a joint resolution of that House, that House receives a joint resolution with respect to the same change transmitted by the President in a number specified under a subsection for a fiscal year, then—

"(i) the procedure in that House shall be the same as if no resolution had been received from the other House; but

"(ii) the vote on final passage shall be on the resolution of the other House.".

(2) The item in the table of contents relating to section 201 is amended to read as follows:

"Sec. 201. Worldwide level of immigration.".

(b) PER COUNTRY IMMIGRATION LEVELS.—Section 202 (8 U.S.C. 1152) is amended—

(1) in subsection (a)—

(A) by striking "(a) No person" and inserting "(a)(1) Except as specifically provided in paragraph (2) and in sections 101(a)(27), 201(b) (2)(A)(i), and 203, no person",

(B) by striking ", except as specifically" and all that follows through "following fiscal year", and

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

"(2)(A) Subject to subparagraphs (B) and (C), the total number of immigrant visas made available to natives of any single foreign state or dependent area under subsection (c) of section 201 (relating to family connection immigrants) in any fiscal year may not exceed 7 percent (in the case of a single foreign state) or 2 percent (in the case of a dependent area) of the total number of such visas made available under such subsection in that fiscal year.

"(B) If for fiscal year 1991 or a succeeding fiscal year the number of aliens described in subparagraph (A) or (B) of section 201(b)(2) (relating to immediate relatives and similar

individuals) who are natives of a particular foreign state or dependent area and who are issued immigrant visas or otherwise acquired the status of aliens lawfully admitted to the United States for permanent residence in the fiscal year exceeds the greater of—

"(i) the numerical level computed under subparagraph (A) for that state for that fiscal year, or

"(ii) the level of such immigration of natives of that foreign state in fiscal year 1989 or fiscal year 1990 (whichever is greater),

then the numerical level applicable to that foreign state or dependent area in the following fiscal year under subparagraph (A) shall be reduced by the amount of such excess, except that such reduction shall not exceed one-half of the numerical level otherwise provided without regard to this subparagraph.

"(C) If, because of the application of subparagraph (A) with respect to one or more foreign states, the number of visas available under section 201(c) for a calendar quarter exceeds the number of qualified immigrants who otherwise may be issued such a visa, subparagraph (A) shall not apply to visas made available to such states or areas during the remainder of such calendar quarter.

"(3)(A) Subject to subparagraph (B), the total number of immigrant visas made available to natives of any single foreign state or dependent area under subsection (d) of section 201 (relating to independent immigrants) in any fiscal year may not exceed 7 percent (in the case of a single foreign state) or 2 percent (in the case of a dependent area) of the total number of such visas made available under such subsection in the fiscal year.

"(B) If, because of the application of subparagraph (A) with respect to one or more foreign states or dependent areas, the number of visas available under section 201(d) for a calendar quarter exceeds the number of qualified immigrants who otherwise may be issued such a visa, subparagraph (A) shall not apply to visas made available to such states or areas during the remainder of such calendar quarter.";

(2) in subsection (b), by striking "the numerical limitation set forth in the proviso to subsection (a) of this section" each place it appears and inserting "a numerical level established under subsection (a)";

(3) in subsection (c)—

(A) by striking "other than" and all that follows through "section 201(b)" and inserting "other than a special immigrant, as defined in section 101(a)(27), or an alien described in section 201(b)(2)(A)(i)", and

(B) by striking "section 202(a)" and all that follows through the end and inserting "subsection (a)(1), to the foreign state"; and

(4) Section 202(e) is amended to read as follows:

"(e) Whenever the maximum number of visas have been made available under subsection (a)(2) to natives of any single foreign state or to any dependent area, then in the next following fiscal year a number of visas, not to exceed the number specified in subsection (a)(2) for a foreign state or a dependent area, as the case may be, shall be made available and allocated for such state or such area for the same classes of aliens described in, and the same percentages specified in, paragraphs (1) through (4) of section 203(a).".

SEC. 103. PREFERENCE SYSTEM FOR ADMISSION OF IMMIGRANTS.

(a) IN GENERAL.—(1) Section 203 (8 U.S.C. 1153) is amended to read as follows:

"ALLOCATION OF IMMIGRANT VISAS

"SEC. 203. (a) PREFERENCE ALLOCATION FOR FAMILY CONNECTION IMMIGRANTS.—Aliens subject to the worldwide level specified in section 201(c) for family connection immigrants shall be allotted visas as follows:

"(1) UNMARRIED SONS AND DAUGHTERS OF CITIZENS.—Qualified immigrants who are the unmarried sons or daughters of citizens of the United States shall be allocated visas in a number not to exceed 9 percent of such worldwide level, plus any visas not required for the class specified in paragraph (4).

"(2) SPOUSES AND UNMARRIED SONS AND UNMARRIED DAUGHTERS OF PERMANENT RESIDENT ALIENS.—Qualified immigrants who are—

"(A) the spouses of aliens lawfully admitted for permanent residence, or

"(B) the unmarried sons or unmarried daughters of an alien lawfully admitted for permanent residence, if the sons or daughters—

"(i) are under 26 years of age as of the date of the petition for such preference, or

"(ii)(I) as of the date of the enactment of the Immigration Act of 1989, had a petition filed on their behalf for preference status under section 203(a)(2) (as in effect on such date) by reason of such relationship and such petition was subsequently approved, and

"(II) continue to qualify under the terms of section 203(a)(2) of this Act as in effect on the day before such date,

shall be allocated visas in a number not to exceed 57 percent of such worldwide level, plus any visas not required for the class specified in paragraph (1).

"(3) MARRIED SONS AND DAUGHTERS OF CITIZENS.—Qualified immigrants who are the married sons or married daughters of citizens of the United States shall be allocated visas in a number not to exceed 9 percent of such worldwide level, plus any visas not required for the classes specified in paragraphs (1) and (2).

"(4) BROTHERS AND SISTERS OF CITIZENS.—Qualified immigrants who are the brothers or sisters of citizens of the United States, if such citizens are at least 21 years of age, shall be allocated visas in a number not to exceed 25 percent of such worldwide level, plus any visas not required for the classes specified in paragraphs (2) or (3).

"(b) PREFERENCE ALLOCATION FOR INDEPENDENT IMMIGRANTS.—Aliens subject to the worldwide level specified in section 201(d) for independent immigrants in a fiscal year shall be allocated visas as follows:

"(1) SPECIAL IMMIGRANTS.—Visas shall be made available, in a number not to exceed 2.7 percent of such worldwide level, to qualified special immigrants described in section 101(a)(27) (other than those described in subparagraph (A) or (B) thereof).

"(2) MEDICAL PERSONNEL FOR RURAL AREAS.—Qualified immigrants who are trained medical personnel described in section 109(f), in a number not to exceed 3.3 percent of such worldwide level, of which 80 percent shall be nurses and 20 percent shall be physicians, to be admitted on the conditional basis described in section 109.

"(3) ALIENS WHO ARE MEMBERS OF THE PROFESSIONS HOLDING ADVANCED DEGREES OR ALIENS OF EXCEPTIONAL ABILITY.—(A) Visas shall be made available next, in a number not to exceed 26.8 percent of such worldwide level, plus any visas not required for the class specified in paragraphs (1) and (2), to qualified immigrants who are members of the professions holding advanced degrees or who because of their exceptional ability in the sciences, arts, or business, will substantially benefit prospectively the national economy, cultural or educational interests, or welfare of the United States, and whose services in the sciences, arts, professions, or business are sought by an employer in the United States.

"(B) The Attorney General may, when he deems it to be in the national interest, waive the requirement of subparagraph (A) that an alien's services in the sciences, arts, professions, or business be sought by an employer in the United States.

"(C) In determining under subparagraph (A) whether an immigrant has exceptional ability, the possession of a degree, diploma, certificate, or similar award from a college, university, school, or other institution of learning or a license to practice or certification for a particular profession or occupation shall not by itself be considered sufficient evidence of such exceptional ability.

"(4) SKILLED WORKERS.—(A) Visas shall be made available next, in a number not to exceed 26.8 percent of such worldwide level, plus any visas not required for the classes specified in paragraphs (1), (2), and (3) to the following two classes of aliens:

"(i) Qualified immigrants who are capable, at the time of petitioning, of performing skilled labor (requiring at least 2 years training or experience), not of a temporary or seasonal nature, for which qualified workers are not available in the United States.

"(ii) Qualified immigrants who hold baccalaureate degrees and who are members of the professions.

"(B) An immigrant visa may not be issued to an immigrant under subparagraph (A) until the consular officer is in receipt of a determination made by the Secretary of Labor pursuant to the provisions of section 212(a)(14).

"(5) EMPLOYMENT CREATION.—Visas shall be made available next, in a number not to exceed 4.5 percent" and delete "1.67 percent of the worldwide level" and insert in lieu thereof "29.5 percent of such worldwide level, to any qualified immigrant who is seeking to enter the United States for the purpose of engaging in a new commercial enterprise which the alien has established and in which such alien has invested or, is actively in the process of investing—

"(A) capital, in an amount not less than $1,000,000, and which will benefit the United States economy and create full-time employment for not fewer than 10 United States citizens or aliens lawfully admitted for permanent residence (other than the spouse, sons, or daughters of such immigrant); or

"(B) capital, in an amount not less than $500,000, in rural areas or in areas which have experienced persistently high unemployment, at the time of investment, of at least one and one-half times the national average rate, and which will benefit the United States economy and create full-time employment for not fewer than 10 United States citizens or aliens lawfully admitted for permanent residence (other than the spouse, sons, or daughters of such immigrant).

Of the visas allocated under this paragraph, 1.67 percent of the worldwide level shall be available for aliens investing as described in clause (B). Special attention shall be given to such aliens in clause (B) who have invest-

ed or, are actively in the process of investing, in rural areas, with an unemployment rate, at the time of the investment, of at least one and one-half times the national average. For purposes of clause (B), 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. The Attorney General, in consultation with the Secretary of Labor and the Secretary of State, may prescribe regulations increasing the dollar amount of the investment necessary in clause (A) for the issuance of a visa under this paragraph.

"(6) SELECTED IMMIGRANTS.—(A) Visas authorized in any fiscal year under section 201(d), less those required for issuance to the classes specified in paragraphs (1), (2), (3), (4), and (5) shall be made available to qualified immigrants who attain a score of not less than 60 points, based on the point assessment system described in subparagraph (B). 10,000 of such visas shall be reserved for qualified immigrants who are natives of foreign states the immigration of whose natives to the United States was adversely affected by the enactment of Public Law 89-236.

"(B) The point assessment system referred to in subparagraph (A) shall accord points based on criteria as follows:

"(i) AGE (10 POINTS).—For an alien who (as of the date of filing a petition) is—

"(I) at least 21 years of age but has not attained 36 years of age, 10 points; or

"(II) at least 36 years of age, but has not attained 45 years of age, 5 points.

"(ii) EDUCATION (25 POINTS).—For an alien who (as of the date of filing a petition)—

"(I) has completed successfully grade school through high school or its educational equivalent (as determined by the Secretary of Education), 10 points;

"(II) has been awarded a bachelors degree or its equivalent (as determined by the Secretary of Education), 10 additional points; and

"(III) has been awarded a graduate degree, an additional number of points (up to 5 additional points) to be determined by the Secretary of Education based on the level of the degree.

"(iii) OCCUPATIONAL DEMAND (20 POINTS).—For an alien who is in an occupation for which the Secretary of Labor determines (before the fiscal year involved)—

"(I) there will be increased demand in the United States for individuals in the occupation in the fiscal year, 10 points, and

"(II) there is a present or there will be a future shortage of individuals in the United States to meet the need in the occupation in the United States in the fiscal year, 5 or 10 points.

"(iv) OCCUPATIONAL TRAINING AND WORK EXPERIENCE (20 POINTS).—To the extent the alien has additional training, work experience, or both, as determined by the Secretary of Labor, in the occupation described in clause (iii), 10 or 20 points, such points multiplied by the number of points awarded under clause (iii) divided by 20.

"(v) PREARRANGED EMPLOYMENT IN THE UNITED STATES (15 POINTS).—For an alien who (as of the date of filing a petition) has an arrangement (meeting conditions specified by the Secretary of Labor) for the employment of the alien, 15 points.

"(C) The point assessment system described in subparagraph (B) shall be established by regulation by the Secretary of State in consultation with the Attorney General, the Secretary of Labor, and the Secretary of Education.

"(c) TREATMENT OF FAMILY MEMBERS.—A spouse or child as defined in subparagraph (A), (B), (C), (D), or (E) of section 101(b)(1) shall, if not otherwise entitled to an immigrant status and the immediate issuance of a visa under subsection (a) or (b) (except for subsection (b)(5)) be entitled to the same status, and the same order of consideration provided in the respective subsection, if accompanying or following to join, his spouse or parent.

"(d) ORDER OF CONSIDERATION.—(1) Immigrant visas made available under subsection (a) or (b) (other than paragraph (5)) or under section 201(a)(3) shall be issued to eligible immigrants in the order in which a petition in behalf of each such immigrant is filed with the Attorney General (or in the case of special immigrants under section 101(a)(27)(D), with the Secretary of State) as provided in section 204(a).

"(2) Of the immigrant visa numbers made available under subsection (b)(5) (relating to selected immigrants) in a fiscal year—

"(A) 20 percent of such numbers shall be issued to eligible qualified immigrants who attain the highest scores (in descending order) on the assessment system described in subsection (b)(5)(B) with respect to petitions filed for the fiscal year involved, with the lowest scores qualifying under this clause to be chosen, if necessary, in the random order described in clause (B); and

"(B) 80 percent of such numbers shall be issued to eligible qualified immigrants with a qualifying score on such system strictly in a random order established by the Secretary of State for the fiscal year involved.

"(3) Waiting lists of applicants for visas under this section shall be maintained in accordance with regulations prescribed by the Secretary of State.

"(e) PRESUMPTION.—Every immigrant shall be presumed not to be described in subsection (a) or (b) of this section, section 101(a)(27), or section 201(b)(2), until the immigrant establishes to the satisfaction of the consular officer and the immigration officer that the immigrant is so described. In the case of any alien claiming in his application for an immigrant visa to be described in section 201(b)(1) or in subsection (a) or (b) of this section, the consular officer shall not grant such status until he has been authorized to do so as provided by section 204.

"(f) LISTS.—For purposes of carrying out his responsibilities in the orderly administration of this section, the Secretary of State may make reasonable estimates of the anticipated numbers of visas to be issued during any quarter of any fiscal year within each of the categories under subsections (a) and (b), and to rely upon such estimates in authorizing the issuance of visas. The Secretary of State shall terminate the registration of any alien who fails to apply for an immigrant visa within one year following notification to him of the availability of such visa, but the Secretary shall reinstate the registration of any such alien who establishes within 2 years following the date of notification of the availability of such visa that such failure to apply was due to circumstances beyond his control.".

(2) Nothing in this subsection may be construed as continuing the availability of visas under section 203(a)(7), as in effect before the date of enactment of this Act.

(b) CHANGES IN PETITIONING PROCEDURE.—Section 204(a) (8 U.S.C. 1154(a)) is amended—

(1) by redesignating paragraph (2) as paragraph (3), and

(2) by striking "(a)(1)" and all that follows through the end of paragraph (1) and inserting the following:

"(a)(1)(A) Any citizen of the United States claiming that an alien is entitled to classification by reason of a relationship described in paragraph (1), (3), or (4) of section 203(a) or to an immediate relative status under section 201(b)(2)(A)(i) may file a petition with the Attorney General for such classification.

"(B) Any alien lawfully admitted for permanent residence claiming that an alien is entitled to a classification by reason of the relationship described in section 203(a)(2) may file a petition with the Attorney General for such classification. An alien may be classified as an alien described in paragraphs (2), (3), or (4) of section 203(a) with respect to a specific fiscal year on the basis of a petition filed in a previous fiscal year only if the alien has filed with the Attorney General a notice of continuing intent to be admitted to the United States as an immigrant under such section within the 2 fiscal years immediately previous to the specific fiscal year involved.

"(C)(i) Any alien (other than a special immigrant under section 101(a)(27)(D)) desiring to be classified under section 203(b)(1) (or any person on behalf of such an alien) (relating to special immigrants) may file a petition with the Attorney General for such classification.

"(ii) Aliens claiming status as a special immigrant under section 101(a)(27)(D) may file a petition only with the Secretary of State and only after notification by the Secretary that such status has been recommended and approved pursuant to such section.

"(D) Any alien desiring to be classified under section 203(b)(2) (or any person on behalf of such an alien) (relating to professionals) may file a petition with the Attorney General for such classification.

"(E) Any person desiring and intending to employ within the United States an alien entitled to classification under paragraph (2) or (3) of section 203(b) (relating to professionals and skilled workers) may file a petition with the Attorney General for such classification.

"(F) Any alien desiring to be classified under section 203(b)(4) (relating to employment creation) may file a petition with the Secretary of State for such classification.

"(G)(i) Any alien desiring to be provided an immigrant visa under section 203(b)(5) (relating to selected immigrants) may file a petition at the place and time determined by the Secretary of State by regulation. While the place of filing may be designated inside the United States, the petitioner shall be physically outside the United States when submitting the petition. Only one such petition may be filed by an alien with respect to any petitioning period established. If more than one petition is submitted all such petitions submitted for such period by the alien shall be voided.

"(ii)(I) The Secretary of State may designate a period for the filing of petitions with respect to visas which may be issued under section 203(b)(5) during either of the next two fiscal years beginning after the close of such period.

"(II) Aliens who qualify, through random selection, for a visa under section 203(b)(5) shall remain eligible to receive such visa only through the end of the specific fiscal year for which they were selected.

"(III) The Secretary of State shall prescribe such regulations as may be necessary to carry out this clause.

"(iii) A petition or registration under this subparagraph shall be in such form as the Secretary of State may by regulation prescribe and shall contain such information and be supported by such documentary evidence as the Secretary of State may require.

"(iv) The petition under this subparagraph shall include a certification in writing at the time of filing a petition that all information contained within the petition is true and correct to the best of the petitioner's knowledge, and any willful misrepresentation of the facts or statements included in the petition shall be deemed a violation of section 212(a)(19).

"(2) On or after October 1, 1990, an alien who—

"(A) previous to being admitted as, or otherwise provided the status of, an alien lawfully admitted for permanent residence was married to an individual, and

"(B) is so admitted, or provided such status, as a child or as the unmarried son or unmarried daughter of a citizen of the United States or of an alien lawfully admitted for permanent residence,

may not file a petition under this section on behalf of any alien to whom the alien was married previous to being so admitted or provided such status.".

(c) REVISION OF LABOR CERTIFICATION.—(1) Paragraph (14) of section 212(a) (8 U.S.C. 1182(a)) is amended to read as follows:

"(14) Aliens seeking to enter the United States to perform skilled labor unless the Secretary of Labor has determined and certified to the Secretary of State and the Attorney General that (A) there are not sufficient qualified workers (or equally qualified workers in the case of aliens who are members of the teaching profession or who have exceptional ability in the sciences or arts) available in the United States in the positions in which the aliens will be employed; and (B) the employment of aliens in such positions will not adversely affect the wages and working conditions of workers in the United States. The Secretary of Labor may, in his discretion, substitute for the determination and certification described in clause (A) of the preceding sentence a determination and certification that there are not sufficient workers who are able, willing, qualified (or equally qualified in the case of aliens who are members of the teaching profession or who have exceptional ability in the sciences or the arts), and available at the time of application for a visa and admission to the United States and at the place where the alien is to perform such skilled labor. In making either determination under this paragraph, the Secretary of Labor may use labor market information without regard to the specific job opportunity for which certification is requested, but if such determination is adverse, the Secretary of Labor shall make a certification with regard to the specific job opportunity if the employer submits evidence that such specific certification would result in a different determination. An alien on behalf of whom a certification is sought must have an offer of employment from an employer in the United States. The exclusion of aliens under this paragraph shall apply to immigrants seeking admission under paragraph (2) or (3) of section 203(b), except that this paragraph shall not apply to any alien for whom a waiver has been granted under section 203(b)(2)(B);".

(2) The Secretary of Labor shall conduct a comprehensive study to determine whether the process of obtaining an immigrant labor certification under section 212(a)(14) of the Immigration and Nationality Act, as amended by this title, has been simplified or otherwise expedited. In conducting this study, the Secretary shall hold public hearings. Not later than March 31, 1993, the Secretary of Labor shall prepare and transmit to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives a report containing the findings of such study and including any recommendations of other relevant agencies of the Federal Government with respect to such findings.

SEC. 104. DETERRING IMMIGRATION-RELATED ENTREPRENEURSHIP FRAUD.

(a) CONDITIONAL BASIS FOR PERMANENT RESIDENT STATUS BASED ON ESTABLISHMENT OF COMMERCIAL ENTERPRISES.—Chapter 2 of title II of the Immigration and Nationality Act is amended by adding at the end the following new section:

"CONDITIONAL PERMANENT RESIDENT STATUS FOR CERTAIN ALIEN ENTREPRENEURS, SPOUSES, AND CHILDREN

"SEC. 218. (a) IN GENERAL.—

"(1) CONDITIONAL BASIS FOR STATUS.—Notwithstanding any other provision of this Act, an alien entrepreneur (as defined in subsection (f)(1)), spouse, and child (as defined in subsection (f)(2)) shall be considered, at the time of obtaining the status of an alien lawfully admitted for permanent residence, to have obtained such status on a conditional basis subject to the provisions of this section.

"(2) NOTICE OF REQUIREMENTS.—

"(A) AT TIME OF OBTAINING PERMANENT RESIDENCE.—At the time an alien entrepreneur, spouse, or child obtains permanent resident status on a conditional basis under paragraph (1), the Attorney General shall provide for notice to such an entrepreneur, spouse, or child respecting the provisions of this section and the requirements of subsection (c)(1) to have the conditional basis of such status removed.

"(B) AT TIME OF REQUIRED PETITION.—In addition, the Attorney General shall attempt to provide notice to such an entrepreneur, spouse, or child, at or about the beginning of the 90-day period described in subsection (d)(2)(A), of the requirements of subsection (c)(1).

"(C) EFFECT OF FAILURE TO PROVIDE NOTICE.—The failure of the Attorney General to provide a notice under this paragraph shall not affect the enforcement of the provisions of this section with respect to such an entrepreneur, spouse, or child.

"(b) TERMINATION OF STATUS IF FINDING THAT QUALIFYING ENTREPRENEURSHIP IMPROPER.—

"(1) IN GENERAL.—In the case of an alien with permanent resident status on a conditional basis under subsection (a), if the Attorney General determines, before the second anniversary of the alien's obtaining the status of lawful admission for permanent residence, that—

"(A) the establishment of the commercial enterprise was intended solely as a means of evading the immigration laws of the United States,

"(B)(i) a commercial enterprise was not established by the alien;

"(ii) the alien did not invest or was not actively in the process of investing the requisite capital; or

"(iii) the alien was not sustaining the actions described in clause (A) or (B) throughout the period of the alien's residence in the United States, or

"(C) the alien was otherwise not conforming to the requirements of section 203(b)(4),

then the Attorney General shall so notify the alien involved and, subject to paragraph (2), shall terminate the permanent resident status of the alien involved as of the date of the determination.

"(2) HEARING IN DEPORTATION PROCEEDING.—Any alien whose permanent resident status is terminated under paragraph (1) may request a review of such determination in a proceeding to deport the alien. In such proceeding, the burden of proof shall be on the Attorney General to establish, by a preponderance of the evidence, that a condition described in paragraph (1) is met.

"(c) REQUIREMENTS OF TIMELY PETITION AND INTERVIEW FOR REMOVAL OF CONDITION.—

"(1) IN GENERAL.—In order for the conditional basis established under subsection (a) for an alien entrepreneur, spouse, or child to be removed—

"(A) the alien entrepreneur must submit to the Attorney General, during the period described in subsection (d)(2), a petition which requests the removal of such conditional basis and which states, under penalty of perjury, the facts and information described in subsection (d)(1), and

"(B) in accordance with subsection (d)(3), the alien entrepreneur must appear for a personal interview before an officer or employee of the Service respecting the facts and information described in subsection (d)(1).

"(2) TERMINATION OF PERMANENT RESIDENT STATUS FOR FAILURE TO FILE PETITION OR HAVE PERSONAL INTERVIEW.—

"(A) IN GENERAL.—In the case of an alien with permanent resident status on a conditional basis under subsection (a), if—

"(i) no petition is filed with respect to the alien in accordance with the provisions of paragraph (1)(A), or

"(ii) unless there is good cause shown, the alien entrepreneur fails to appear at the interview described in paragraph (1)(B),

the Attorney General shall terminate the permanent resident status of the alien as of the second anniversary of the alien's lawful admission for permanent residence.

"(B) HEARING IN DEPORTATION PROCEEDING.—In any deportation proceeding with respect to an alien whose permanent resident status is terminated under subparagraph (A), the burden of proof shall be on the alien to establish compliance with the conditions of paragraphs (1)(A) and (1)(B).

"(3) DETERMINATION AFTER PETITION AND INTERVIEW.—

"(A) IN GENERAL.—If—

"(i) a petition is filed in accordance with the provisions of paragraph (1)(A), and

"(ii) the alien entrepreneur appears at the interview described in paragraph (1)(B),

the Attorney General shall make a determination, within 90 days of the date of the interview, as to whether the facts and information described in subsection (d)(1) and alleged in the petition are true with respect to the qualifying commercial enterprise.

"(B) REMOVAL OF CONDITIONAL BASIS IF FAVORABLE DETERMINATION.—If the Attorney General determines that such facts and information are true, the Attorney General shall so notify the alien involved and shall remove the conditional basis of the alien's status effective as of the second anniversary of the alien's obtaining the status of lawful admission for permanent residence.

"(C) TERMINATION IF ADVERSE DETERMINATION.—If the Attorney General determines that such facts and information are not true, the Attorney General shall so notify the alien involved and, subject to subparagraph (D), shall terminate the permanent resident status of an alien entrepreneur, spouse, or child as of the date of the determination.

"(D) HEARING IN DEPORTATION PROCEEDING.—Any alien whose permanent resident status is terminated under subparagraph (C) may request a review of such determination in a proceeding to deport the alien. In such proceeding, the burden of proof shall be on the Attorney General to establish, by a preponderance of the evidence, that the facts and information described in subsection (d)(1) and alleged in the petition are not true with respect to the qualifying commercial enterprise.

"(d) DETAILS OF PETITION AND INTERVIEW.—

"(1) CONTENTS OF PETITION.—Each petition under subsection (c)(1)(A) shall contain facts and information demonstrating that—

"(A) a commercial enterprise was established by the alien;

"(B) the alien invested or was actively in the process of investing the requisite capital; and

"(C) the alien sustained the actions described in clauses (A) and (B) throughout the period of the alien's residence in the United States.

"(2) PERIOD FOR FILING PETITION.—

"(A) 90-DAY PERIOD BEFORE SECOND ANNIVERSARY.—Except as provided in subparagraph (B), the petition under subsection (c)(1)(A) must be filed during the 90-day period before the second anniversary of the alien's obtaining the status of lawful admission for permanent residence.

"(B) DATE PETITIONS FOR GOOD CAUSE.—Such a petition may be considered if filed after such date, but only if the alien establishes to the satisfaction of the Attorney General good cause and extenuating circumstances for failure to file the petition during the period described in subparagraph (A).

"(C) FILING OF PETITIONS DURING DEPORTATION.—In the case of an alien who is the subject of deportation hearings as a result of failure to file a petition on a timely basis in accordance with subparagraph (A), the Attorney General may stay such deportation proceedings against an alien pending the filing of the petition under subparagraph (B).

"(3) PERSONAL INTERVIEW.—The interview under subsection (c)(1)(B) shall be conducted within 90 days after the date of submitting a petition under subsection (c)(1)(A) and at a local office of the Service, designated by the Attorney General, which is convenient to the parties involved. The Attorney General, in the Attorney General's discretion, may waive the deadline for such an interview or the requirement for such an interview in such cases as may be appropriate.

"(e) TREATMENT OF PERIOD FOR PURPOSES OF NATURALIZATION.—For purposes of title III, in the case of an alien who is in the United States as a lawful permanent resident on a conditional basis under this section, the alien shall be considered to have been admitted as an alien lawfully admitted for permanent residence and to be in the United States as an alien lawfully admitted to the United States for permanent residence.

"(f) DEFINITIONS.—In this section:

"(1) The term 'alien entrepreneur' means an alien who obtains the status of an alien lawfully admitted for permanent residence (whether on a conditional basis or otherwise) under section 203(b)(4).

"(2) The term 'spouse' and the term 'child' mean an alien who obtains the status of an alien lawfully admitted for permanent residence (whether on a conditional basis or otherwise) by virtue of being the spouse or child, respectively, of an alien entrepreneur.".

(b) ADDITIONAL GROUND FOR DEPORTATION.—Section 241(a)(9) (8 U.S.C. 1251(a)(9)) is amended by inserting before the semicolon at the end thereof the following: ", or (C) is an alien with permanent resident status on a conditional basis under section 218 and has such status terminated under such section".

(c) CRIMINAL PENALTY FOR IMMIGRATION-RELATED ENTREPRENEURSHIP FRAUD.—Section 275 of such Act (8 U.S.C. 1325) is amended by adding at the end thereof the following new subsection:

"(c) Any individual who knowingly establishes a commercial enterprise for the purpose of evading any provision of the immigration laws shall be imprisoned for not more than 5 years, or fined not more than $250,000, or both.".

(d) LIMITATION ON ADJUSTMENT OF STATUS.—Section 245 of such Act (8 U.S.C. 1255) is amended by adding at the end the following new subsection:

"(f) The Attorney General may not adjust, under subsection (a), the status of an alien lawfully admitted to the United States for permanent residence on a conditional basis under section 218.".

(e) CONFORMING AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 217 the following new item:

"Sec. 218. Conditional permanent resident status for certain alien entrepreneurs, spouses, and children.".

SEC. 105. MISCELLANEOUS CONFORMING AND TECHNICAL CHANGES.

(a) Sections 101(b)(1)(F), 202(a), 202(c), 204(b), 204(e), 216(g)(1)(A), 222(a), 244(d), 245(c)(2), and 245(c)(5) (8 U.S.C. 1101(b)(1)(F), 1152(a), 1152(c), 1154(a)(1), 1154(b), 1154(e), 1186a(g)(1)(A), 1202(a), 1254(d), 1255(c)(2), 1255(c)(5)) are each amended by striking "201(b)" each place it appears and inserting "201(b)(2)(A)(i)".

(b) Section 204 (8 U.S.C. 1154) is amended—

(1) in subsection (b)—

(A) by striking "section 203(a) (3) or (6)" and inserting "section 203(b)(3)",

(B) by striking "section 201(b)" and inserting "section 201(b)(2)(A)(i)",

(C) by striking "a preference status under section 203(a)" and inserting "preference under subsection (a) or (b) of section 203",

(D) by inserting "(and, in the case described in section 203(b)(5), specify the point score on the assessment system)" after "approve the petition", and

(E) by striking "The Secretary of State" and inserting "Subject to section 203(b)(5), the Secretary of State";

(2) in subsection (e)—

(A) by striking "preference immigrant under section 203(a)" and inserting "immigrant under subsection (a), (b), or (c) of section 203", and

(B) by striking "section 201(b)" and inserting "section 201(f)";

(3) by striking subsection (f);

(4) by redesignating subsections (g) and (h) as (f) and (g), respectively;

(5) in subsection (f)(1), as redesignated by paragraph (4), by inserting "(as in effect before the date of the enactment of the Immigration Act of 1989)" after "203(a)(4)"; and

(6) in subsection (g), as redesignated by paragraph (4), by striking "preference status" and inserting "status under section 203(a)(2)".

(c) Section 212(a)(32) (8 U.S.C. 1182(a)(32)) is amended by striking "203(a)(3) and (6) and to nonpreference immigrant aliens described in section 203(a)(7)" and inserting "203(b) (2), (3), and (5)".

(d) Section 244(d) (8 U.S.C. 1254(d)) is amended by striking "201(a) or 202(a)" and inserting "201(c) or 202(a)(2)(A)".

(e) Section 245 (8 U.S.C. 1255) is amended—

(1) in subsection (b), by striking "203(a)" and inserting "203", and

(2) in subsection (c), by redesignating clause (5) as clause (4) and by inserting before the period at the end the following: ", or (5) an alien who is applying for adjustment of status to preference status under section 203(b)(5)".

(f)(1) Section 3304(a)(14)(A) of the Internal Revenue Code of 1986 is amended by striking "section 203(a)(7) or".

(2) Section 1614(a)(1)(B) of the Social Security Act is amended by striking "section 203(a)(7) or".

(g) Section 2(c)(4) of the Virgin Islands Nonimmigrant Alien Adjustment Act of 1982 (Public Law 97-271) is amended by inserting before the period at the end the following: "(as in effect before October 1, 1990) or by reason of the relationship described in section 203(a)(2)(B), 203(a)(3), or 201(b)(2)(A)(i), respectively, of such Act (as in effect on or after such date)".

SEC. 106. USER FEES.

Section 286 (8 U.S.C. 1356) is amended by adding at the end thereof the following new subsections:

"(q) VISA FEES FOR IMMIGRANTS.—The Secretary of State shall provide for a schedule of fees to be charged for the filing of a petition for any and all immigrant categories under sections 201(a)(3), 201(b)(2)(A)(i), and 203 (a) and (b). The fees established under this subsection shall be sufficient to cover administrative and other expenses incurred in connection with the processing of petitions for any and all immigrant categories filed under sections 201(a)(3), 201(b)(2)(A)(i), and 203 (a) and (b).

"(r) CREDITABLE FEES.—(1) Notwithstanding sections 1 and 2 of the Act of June 4, 1920, as amended (42 Stat. 750; 22 U.S.C. 214) or any other provision of law, the Secretary of State shall pay the expenses incurred during the two years immediately following the date of enactment of the Immigration Act of 1989 to prepare for and initiate the immigrant visa program provided for under sections 201(a)(3), 201(b)(2)(A)(i), and 203 (a) and (b). Such expenses include salary and expenses, space and support costs, research and development, software, equipment acquisition, equipment replacement, hardware and software maintenance, and antifraud costs of visa and passport functions connected with that program.

"(2) Beginning fiscal year 1990, and each fiscal year thereafter, fees collected by consular officers shall be credited to a Department of State account which shall be available only for the payment of the expenses of automation activities, equipment and software maintenance, hardware replacement, research and development and sup-

port costs, except that not more than $30,000,000 of such fees may be available for each year for fiscal years 1990 and 1991 and not more than $20,000,000 for each fiscal year thereafter for the purposes as described in paragraphs (1) and (2).

"(3) Nothing in this subsection shall be construed as making funds under this subsection available for the machine readable document program.

"(4) There are authorized to be appropriated to the Department of State to carry out paragraph (1) such sums as may be necessary for each of fiscal years 1990 and 1991.".

SEC. 107. COMMISSION ON LEGAL IMMIGRATION REFORM.

(a) ESTABLISHMENT AND COMPOSITION OF COMMISSION.—(1) Effective February 1, 1991, there is established a Commission on Legal Immigration Reform (hereafter in this section referred to as the "Commission") which shall be composed of 9 members to be appointed as follows:

(A) One member who shall serve as Chairman, to be appointed by the President.

(B) Two members to be appointed by the Speaker of the House of Representatives who shall select such members from a list of nominees provided by the Chairman of the Judiciary Subcommittee on Immigration, Refugees, and International Law of the House of Representatives.

(C) Two members to be appointed by the Minority Leader of the House of Representatives who shall select such members from a list of nominees provided by the ranking minority member of the Judiciary Subcommittee on Immigration, Refugees, and International Law of the House of Representatives.

(D) Two members to be appointed by the Majority Leader of the Senate who shall select such members from a list of nominees provided by the Chairman of the Judiciary Subcommittee on Immigration and Refugees Affairs of the Senate.

(E) Two members to be appointed by the Minority Leader of the Senate who shall select such members from a list of nominees provided by the Chairman of the Judiciary Subcommittee on Immigration and Refugee Affairs of the Senate.

(2) Appointments to the Commission shall be made during the 45-day period beginning on February 1, 1991. A vacancy in the Commission shall be filled in the same manner in which the original appointment was made.

(3) Members shall be appointed to serve for the life of the Commission.

(b) FUNCTIONS OF COMMISSION.—The Commission shall—

(1) review and evaluate the impact of the amendments made by this Act, in accordance with subsection (c); and

(2) transmit to the President and the Congress—

(A) not later than February 1, 1992, a first interim report describing the progress made in carrying out paragraph (1);

(B) not later than February 1, 1993, a second interim report describing the progress made in carrying out paragraph (1) since transmittal of the report described in clause (A); and

(C) not later than February 1, 1994, a final report setting forth the Commission's findings and recommendations, including such recommendations for additional changes that should be made with respect to legal immigration into the United States as the Commission deems appropriate.

(c) PARTICULAR CONSIDERATIONS.—In particular, the Commission shall consider—

(1) the requirements of citizens of the United States and of aliens lawfully admitted for permanent residence to be joined in the United States by immediate family members and the impact which the establishment of a worldwide ceiling under section 201(c) has upon the availability and priority of family preference visas;

(2) the impact of immigration and the implementation of the independent immigrant category established in section 201(d) on labor needs, employment, and other economic and domestic conditions in the United States;

(3) the impact of immigration with respect to demographic factors and natural resources;

(4) the impact of immigration on the foreign policy and national security interests of the United States; and

(5) the impact of per country immigration levels on family connected immigration.

(d) COMPENSATION OF MEMBERS.—(1) Each member of the Commission who is not an officer or employee of the Federal Government is entitled to receive, subject to such amounts as are provided in advance in appropriations Acts, pay at the minimum annual rate of basic pay in effect for grade GS-18 of the General Schedule. Each member of the Commission who is such an officer or employee shall serve without additional pay.

(2) While away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence.

(e) MEETINGS, STAFF, AND AUTHORITY OF COMMISSION.—The provisions of subsections (e) through (g) of section 304 of the Immigration Reform and Control Act of 1986 shall apply to the Commission in the same manner as they apply to the Commission established under such section, except that paragraph (2) of subsection (e) shall not apply.

(f) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated such sums as may be necessary to carry out this section.

(2) Notwithstanding any other provision of this section, the authority to make payments, or to enter into contracts, under this section shall be effective only to such extent, or in such amounts, as are provided in advance in appropriations Acts.

(g) TERMINATION DATE.—The Commission shall terminate on the date on which a final report is required to be transmitted under subsection (b)(2), except that the Commission may continue to function until October 1, 1994, for the purpose of concluding its activities, including providing testimony to standing committees of Congress concerning its final report under this section and disseminating that report.

SEC. 108. ACTION WITH RESPECT TO SPOUSES AND CHILDREN OF LEGALIZED ALIENS.

(a) TEMPORARY STAY OF DEPORTATION AND WORK AUTHORIZATION FOR CERTAIN ELIGIBLE IMMIGRANTS.—

(1) IN GENERAL.—The Attorney General shall provide that in the case of an alien who is an eligible immigrant (as defined in subsection (b)(1)) as of November 6, 1986, who has entered the United States before such date, who resides in the United States on such date, and who is not lawfully admitted for permanent residence, until the cutoff date specified in paragraph (2), the alien—

(A) may not be deported or otherwise required to depart from the United States on a ground specified in paragraph (1), (2), (5), (9), or (12) of section 241(a) of the Immigration and Nationality Act (other than so much of section 241(a)(1) of such Act as relates to a ground of exclusion described in paragraph (9), (10), (23), (27), (28), (29), or (33) of section 212(a) of such Act), and

(B) shall be granted authorization to engage in employment in the United States and be provided an "employment authorized" endorsement or other appropriate work permit.

(2) CUTOFF DATE.—For purposes of paragraph (1), the "cutoff date" specified in this paragraph, in the case of an eligible immigrant who is the spouse or child of a legalized alien described in—

(A) subsection (b)(2)(A), is (i) the date the legalized alien's status is terminated under section 210(a)(3) of the Immigration and Nationality Act, or (ii) subject to paragraph (4), 90 days after the date of the notice to the legalized alien under paragraph (3) of the applicable cutoff date, whichever date is earlier;

(B) subsection (b)(2)(B), is (i) the date the legalized alien's status is terminated under section 245A(b)(2) of the Immigration and Nationality Act, or (ii) subject to paragraph (4), 90 days after the date of the notice to the legalized alien under paragraph (3) of the applicable cutoff date, whichever date is earlier; or

(C) subsection (b)(2)(C), is 90 days after the date of the notice to the legalized alien under paragraph (3) of the applicable cutoff date.

(3) NOTICE.—In the case of each legalized alien whose status has been adjusted under section 210(a)(2) or 245A(b)(1) of the Immigration and Nationality Act or under section 202 of the Immigration Reform and Control Act of 1986 and who has a spouse or unmarried child receiving benefits under paragraph (1), the Attorney General shall notify the alien of the applicable cutoff date described in paragraph (2)(B) and the need to file a petition for classification of such spouse or child as an immediate relative to continue the benefits of paragraph (1). Such notice shall be provided as follows:

(A) If the legalized alien adjusted status to that of an alien lawfully admitted for permanent residence before the date that the definition contained in section 201(b)(2)(A)(i) of the Immigration and Nationality Act (as amended by this Act) first applies, the notice under this paragraph shall be provided as of the date that that definition first applies.

(B) If the legalized alien adjusted status to that of an alien lawfully admitted for permanent residence after the date that such definition first applies, the notice under this paragraph shall be provided at the time of granting such adjustment of status.

(4) DELAY IN CUTOFF WHILE IMMEDIATE RELATIVE PETITION PENDING.—The cutoff date under paragraph (2)(B) with respect to an eligible immigrant shall not apply during any period in which there is pending with respect to the eligible immigrant a classification petition for immediate relative status under section 204(a) of the Immigration and Nationality Act.

(b) ELIGIBLE IMMIGRANT AND LEGALIZED ALIEN DEFINED.—In this section:

(1) The term "eligible immigrant" means a qualified immigrant who is the spouse or unmarried child of a legalized alien.

(2) The term "legalized alien" means an alien lawfully admitted for temporary or permanent residence who was provided—

(A) temporary or permanent residence status under section 210 of the Immigration and Nationality Act,

(B) temporary or permanent residence status under section 245A of the Immigration and Nationality Act, or

(C) permanent residence status under section 202 of the Immigration Reform and Control Act of 1986.

(c) APPLICATION OF DEFINITIONS.—Except as otherwise specifically provided in this section, the definitions contained in the Immigration and Nationality Act shall apply in the administration of this section. Nothing contained in this section shall be held to repeal, amend, alter, modify, effect, or restrict the powers, duties, functions, or authority of the Attorney General in the administration and enforcement of such Act or any other law relating to immigration, nationality, or naturalization. The fact that an alien may be eligible to be issued an immigrant visa under this section shall not preclude the alien from seeking such a visa under any other provision of law for which the alien may be eligible.

SEC. 109. CONTINUING PROVISION PERMITTING IMMIGRATION OF CERTAIN ADOPTED CHILDREN.

(a) IN GENERAL.—Section 101(b)(2) of the Immigration and Nationality Act (8 U.S.C. 1101(b)(2)) is amended by inserting before the period at the end the following: ", except that, for purposes of paragraph (1)(F) (other than the second proviso therein) in the case of an illegitimate child described in paragraph (1)(D) (and not described in paragraph (1)(C)), the term 'parent' does not include the natural father of the child if the father has disappeared or abandoned or deserted the child or if the father has in writing irrevocably released the child for emigration and adoption".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1989, upon the expiration of the amendment made by section 210(a) of the Department of Justice Appropriations Act, 1989 (title II of Public Law 100-459, 102 Stat. 2203).

SEC. 110. PROHIBIT FEDERAL BENEFITS FOR ILLEGAL ALIENS.

(a) DIRECT FEDERAL FINANCIAL BENEFITS.—That on or after the date of enactment of this Act, notwithstanding any other provision of law, no direct Federal financial benefit or social insurance benefit may be paid or otherwise given to any person not lawfully present within the United States except pursuant to a provision of the Immigration and Nationality Act as amended; or as may be required by the Constitution of the United States.

(b) REIMBURSEMENT TO THE STATES.—No Federal funds shall be used to reimburse States for benefits paid or otherwise given to any person not lawfully within the United States except pursuant to a provision of the Immigration and Nationality Act; or as may be required by the Constitution of the United States.

(c) DEFINITION.—For the purposes of this section, the term "person not lawfully within the United States" shall be any person who at the time he or she applies for, receives, or attempts to receive such Federal financial benefit is not a United States citizen, a United States national, a permanent resident alien, an asylee, a refugee, a parolee, or a nonimmigrant in status, a temporary resident alien as conferred by Congress, those applicants for asylum determined by the Attorney General to be eligible for such benefits or other aliens determined by the Attorney General to be eligible for such benefits.

(d) IMPACTED BY UNDOCUMENTED ALIENS.—In no case should the benefits described in subsection (a), or the provisions of subsection (b), include such programs which provide general assistance to States and communities impacted by the arrival of undocumented aliens or other assistance which is not a direct cash benefit or Federal social insurance benefit to individual aliens.

SEC. 111. TREATMENT OF HONG KONG AS A SEPARATE FOREIGN STATE FOR NUMERICAL LIMITATIONS.

The approval referred to in the first sentence of section 202(b) of the Immigration and Nationality Act shall be considered to have been granted, effective beginning with fiscal year 1990, with respect to Hong Kong as a separate foreign state, and not as a colony or other component or dependent area of another foreign state, section 202(c) of such Act shall not apply to Hong Kong, except that the total number of immigrant visas made available to natives of Hong Kong in any fiscal year may not exceed 3.5 percent of the total number of visas made availble under section 202(a) in that fiscal year.

SEC. 112. DOCUMENT FRAUD PROVISIONS OF INA.

Section 1546(b) of title 18, United States Code, is amended by inserting "or section 203(b)(5)" after "section 274A(b)".

SEC. 113. INCENTIVES FOR TRAINED MEDICAL PERSONNEL TO WORK IN RURAL AREAS.

(a) CONDITIONAL BASIS FOR PERMANENT RESIDENT STATUS FOR TRAINED MEDICAL PERSONNEL.—Chapter 2 of title II of the Immigration and Nationality Act is amended by adding at the end the following new section:

"CONDITIONAL PERMANENT RESIDENT STATUS FOR TRAINED MEDICAL PERSONNEL, SPOUSES, AND CHILDREN

"SEC. 218. (a) IN GENERAL.—

"(1) CONDITIONAL BASIS FOR STATUS.—Notwithstanding any other provision of this Act, an alien who is a trained medical person (as defined in subsection (f)(1)), spouse, and child (as defined in subsection (f)(2)) shall be considered, at the time of obtaining the status of an alien lawfully admitted for permanent residence, to have obtained such status on a conditional basis subject to the provisions of this section if such person, with the prior approval of the governor of that state, has made a commitment to perform medical services in a Health Manpower Shortage Area in an individual State as defined under the Public Health Service Act, where there is a shortage in United States trained physicians, and such person has obtained privileges from a hospital located within that Health Manpower Shortage Area for 10 years.

"(2) NOTICE OF REQUIREMENTS.—

"(A) AT TIME OF OBTAINING PERMANENT RESIDENCE.—At the time an alien medical person, spouse, or child obtains permanent resident status on a conditional basis under paragraph (1), the Attorney General shall provide for notice to such medical person, spouse, or child respecting the provisions of this section and the requirements of subsection (c)(1) to have the conditional basis of such status removed.

"(B) AT TIME OF REQUIRED PETITION.—In addition, the Attorney General shall attempt to provide notice to such medical person, spouse, or child, at or about the beginning of the 90-day period described in subsection (d)(2)(A), of the requirements of subsection (c)(1).

"(C) EFFECT OF FAILURE TO PROVIDE NOTICE.—The failure of the Attorney General to provide a notice under this paragraph shall not affect the enforcement of the provisions of this section with respect to such medical person, spouse, or child.

"(b) TERMINATION OF STATUS IF FINDING THAT QUALIFYING ENTREPRENEURSHIP IMPROPER.—

"(1) IN GENERAL.— In the case of an alien with permanent resident status on a conditional basis under subsection (a), if the Attorney General determines, before the tenth anniversary of the alien's obtaining the status of lawful admission for permanent residence, that the alien is not performing medical services in a Health Manpower Shortage Area or has not obtained privileges from a hospital located within that Health Manpower Shortage Area, then the Attorney General shall so notify the alien involved and, subject to paragraph (2), shall terminate the permanent resident status of the alien involved as of the date of the determination.

"(2) HEARING IN DEPORTATION PROCEEDING.—Any alien whose permanent resident status is terminated under paragraph (1) may request a review of such determination in a proceeding to deport the alien. In such proceeding, the burden of proof shall be on the Attorney General to establish, by a preponderance of the evidence, that a condition described in paragraph (1) is met.

"(c) REQUIREMENTS OF TIMELY PETITION AND INTERVIEW FOR REMOVAL OF CONDITION.—

"(1) IN GENERAL.—In order for the conditional basis established under subsection (a) for an alien medical person, spouse, or child to be removed—

"(A) the alien medical person must submit to the Attorney General, during the period described in subsection (d)(2), a petition which requests the removal of such conditional basis and which states, under penalty of perjury, the facts and information described in subsection (d)(1), and

"(B) in accordance with subsection (d)(3), the alien medical person must appear for a personal interview before an officer or employee of the Service respecting the facts and information described in subsection (d)(1).

"(2) TERMINATION OF PERMANENT RESIDENT STATUS FOR FAILURE TO FILE PETITION OR HAVE PERSONAL INTERVIEW.—

"(A) IN GENERAL.—In the case of an alien with permanent resident status on a conditional basis under subsection (a), if—

"(i) no petition is filed with respect to the alien in accordance with the provisions of paragraph (1)(A), or

"(ii) unless there is good cause shown, the alien medical person fails to appear at the interview described in paragraph (1)(B),

the Attorney General shall terminate the permanent resident status of the alien as of the tenth anniversary of the alien's lawful admission for permanent residence.

"(B) HEARING IN DEPORTATION PROCEEDING.—In any deportation proceeding with respect to an alien whose permanent resident status is terminated under subparagraph (A), the burden of proof shall be on the alien to establish compliance with the conditions of paragraphs (1)(A) and (1)(B).

"(3) DETERMINATION AFTER PETITION AND INTERVIEW.—

"(A) IN GENERAL.—If—

"(i) a petition is filed in accordance with the provisions of paragraph (1)(A), and

"(ii) the alien medical person appears at the interview described in paragraph (1)(B), the Attorney General shall make a determination, within 90 days of the date of the interview, as to whether the facts and information described in subsection (d)(1) and alleged in the petition are true with respect to the performance of medical services by the alien.

"(B) REMOVAL OF CONDITIONAL BASIS IF FAVORABLE DETERMINATION.—If the Attorney General determines that such facts and information are true, the Attorney General shall so notify the alien involved and shall remove the conditional basis of the alien's status effective as of the tenth anniversary of the alien's obtaining the status of lawful admission for permanent residence.

"(C) TERMINATION IF ADVERSE DETERMINATION.—If the Attorney General determines that such facts and information are not true, the Attorney General shall so notify the alien involved and, subject to subparagraph (D), shall terminate the permanent resident status of an alien medical person, spouse, or child as of the date of the determination.

"(D) HEARING IN DEPORTATION PROCEEDING.—Any alien whose permanent resident status is terminated under subparagraph (C) may request a review of such determination in a proceeding to deport the alien. In such proceeding, the burden of proof shall be on the Attorney General to establish, by a preponderance of the evidence, that the facts and information described in subsection (d)(1) and alleged in the petition are not true with respect to the performance of medical services by the alien.

"(d) DETAILS OF PETITION AND INTERVIEW.—

"(1) CONTENTS OF PETITION.—Each petition under subsection (c)(1)(A) shall contain facts and information demonstrating that the alien performed medical services in a Health Manpower Shortage Area or obtained privileges from a hospital located within that Health Manpower Shortage Area throughout the alien's residence in the United States.

"(2) PERIOD FOR FILING PETITION.—

"(A) 90-DAY PERIOD BEFORE SECOND ANNIVERSARY.—Except as provided in subparagraph (B), the petition under subsection (c)(1)(A) must be filed during the 90-day period before the tenth anniversary of the alien's obtaining the status of lawful admission for permanent residence.

"(B) DATE PETITIONS FOR GOOD CAUSE.—Such a petition may be considered if filed after such date, but only if the alien establishes to the satisfaction of the Attorney General good cause and extenuating circumstances for failure to file the petition during the period described in subparagraph (A).

"(C) FILING OF PETITIONS DURING DEPORTATION.—In the case of an alien who is the subject of deportation hearings as a result of failure to file a petition on a timely basis in accordance with subparagraph (A), the Attorney General may stay such deportation proceedings against an alien pending the filing of the petition under subparagraph (B).

"(3) PERSONAL INTERVIEW.—The interview under subsection (c)(1)(B) shall be conducted within 90 days after the date of submitting a petition under subsection (c)(1)(A) and at a local office of the Service, designated by the Attorney General, which is convenient to the parties involved. The Attorney General, in the Attorney General's discretion, may waive the deadline for such an interview or the requirement for such an interview in such cases as may be appropriate.

"(e) TREATMENT OF PERIOD FOR PURPOSES OF NATURALIZATION.—For purposes of title III, in the case of an alien who is in the United States as a lawful permanent resident on a conditional basis under this section, the alien shall be considered to have been admitted as an alien lawfully admitted for permanent residence and to be in the United States as an alien lawfully admitted to the United States for permanent residence beginning 5 years after the conditional admission of the alien.

"(f) DEFINITIONS.—In this section:

"(1) The term 'alien medical person' means an alien who obtains the status of an alien lawfully admitted for permanent residence under section 201(a)(3) and who is a physician or nurse, licensed to practice within that State and who is competent in oral and written English.

"(2) The term 'spouse' and the term 'child' mean an alien who obtains the status of an alien lawfully admitted for permanent residence (whether on a conditional basis or otherwise) by virtue of being the spouse or child, respectively, of an alien entrepreneur.".

(b) ADDITIONAL GROUND FOR DEPORTATION.—Section 241(a)(9) (8 U.S.C. 1251(a)(9)) is amended by inserting before the semicolon at the end thereof the following: ", or (C) is an alien with permanent resident status on a conditional basis under section 218 and has such status terminated under such section".

(c) CRIMINAL PENALTY FOR IMMIGRATION-RELATED ENTREPRENEURSHIP FRAUD.—Section 275 of such Act (8 U.S.C. 1325) is amended by adding at the end thereof the following new subsection:

"(c) Any individual who knowingly performs medical services under section 109 for the purpose of evading any provision of the immigration laws shall be imprisoned for not more than 5 years, or fined not more than $250,000, or both.".

(d) LIMITATION ON ADJUSTMENT OF STATUS.—Section 245 of such Act (8 U.S.C. 1255) is amended by adding at the end the following new subsection:

"(f) The Attorney General may not adjust, under subsection (a), the status of an alien lawfully admitted to the United States for permanent residence on a conditional basis under section 218.".

(e) CONFORMING AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 217 the following new item:

"Sec. 218. Conditional permanent resident status for trained medical personnel, spouses, and children.".

SEC. 114. ENTRY OF CERTAIN AIRCRAFT CREWMEMBERS.

Section 217 of the Immigration and Nationality Act (8 U.S.C. 1187) is amended—

(1) by redesignating subsection (e) as subsection (f); and

(2) by inserting the following new subsection:

"(e) The Attorney General and the Secretary of State are further authorized to issue regulations providing for the waiver of visa requirements for aircraft crewmembers serving on aircraft who are nationals of pilot program countries designated pursuant to subsection (c). Such regulations may provide for aircraft crew visa waivers on a reciprocal basis with each individual pilot program country during the pilot program period.".

SEC. 115. EFFECTIVE DATES AND TRANSITION.

(a) IN GENERAL.—The amendments made by this title shall take effect on October 1, 1990, and shall apply to immigrant visa numbers issued for fiscal years beginning with fiscal year 1991; except that the amendments made by section 103(b) (relating to immigrant visa petitioning process) shall take effect on the date of the enactment of this Act and apply to immigrant visa numbers issued for fiscal years beginning with fiscal year 1991.

(b) GENERAL TRANSITION.—In the case of a petition filed under section 204(a) of the Immigration and Nationality Act before October 1, 1990, for preference status under section 203(a)(3) or section 203(a)(6) of such Act (as in effect before such date), such petition shall be deemed as of October 1, 1990, to be a petition for the status described in section 203(b)(2) or 203(b)(3) of such Act (as amended by this title), as elected by the petitioner, and the priority date for such petition shall remain in effect, except that petitions filed before such date for preference status on the basis of unskilled labor under section 203(a)(6) of such Act (as in effect before such date) shall be deemed as of such date to be petitions for the status described in section 203(b)(3) of such Act (as amended by this title).

(c) ADMISSIBILITY STANDARDS.—When an immigrant, in possession of an unexpired immigrant visa issued before October 1, 1990, makes application for admission, the immigrant's admissibility under paragraphs (20) and (21) of section 212(a) of the Immigration and Nationality Act shall be determined under the provisions of law in effect on the date of the issuance of such visa.

(d) CONSTRUCTION.—Nothing in this title shall be construed as affecting the provisions of section 19 of Public Law 97-116, section 2(c)(1) of Public Law 97-271, or section 202(e) of Public Law 99-603.

TITLE II—NATURALIZATION AMENDMENTS OF 1989

SEC. 201. SHORT TITLE; REFERENCES IN TITLE.

(a) SHORT TITLE.—This title may be cited as the "Naturalization Amendments of 1989".

(b) AMENDMENTS TO IMMIGRATION AND NATIONALITY ACT.—Except as otherwise specifically provided in this title, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Immigration and Nationality Act.

SEC. 202. ADMINISTRATIVE NATURALIZATION.

Section 310 (8 U.S.C. 1421) is amended to read as follows:

"NATURALIZATION AUTHORITY

"SEC. 310. (a) AUTHORITY IN ATTORNEY GENERAL.—The original authority to naturalize persons as citizens of the United States is conferred solely upon the Attorney General.

"(b) ADMINISTRATION OF OATHS.—An applicant for naturalization may choose to have the oath of allegiance under section 337(a) administered by the Attorney General or by any district court of the United States for any State or by any court of record in any State having a seal, a clerk, and jurisdiction in actions in law or equity, or law and equity, in which the amount in controversy is unlimited. The jurisdiction of all courts specified in this subsection to administer the oath of allegiance shall extend only to

persons resident within the respective jurisdiction of such courts.

"(c) APPEAL TO BIA; JUDICIAL REVIEW.—(1) A person whose application for naturalization under this title is denied, after a hearing before an immigration officer under section 336(a), may seek review of such denial before the Board of Immigration Appeals (established by the Attorney General under part 3 of title 8, Code of Federal Regulations). The decision of such Board is reviewable by the United States district court for the district in which such person resides. Such review of the district court shall be de novo, and the district court shall make its own findings of fact and conclusions of law and shall, at the request of the petitioner, conduct a hearing de novo on the application.

"(2) The district court shall issue an order authorizing the naturalization of a person in accordance with this title only after determining, upon review of the denial of that person's application for naturalization, that such denial was wrongfully made as a matter of fact or of law.

"(d) SOLE PROCEDURE.—A person may only be naturalized as a citizen of the United States in the manner and under the conditions prescribed in this title and not otherwise.".

SEC. 203. SUBSTITUTING 3 MONTHS RESIDENCE IN INS DISTRICT OR STATE FOR 6 MONTHS RESIDENCE IN A STATE.

Section 316(a)(1) (8 U.S.C. 1427(a)(1)) is amended by striking "and who has resided within the State in which the petitioner filed the petition for at least six months" and inserting "and who has resided within the State or within the district of the Service in the United States in which the applicant filed the application for at least three months".

SEC. 204. PUBLIC EDUCATION REGARDING NATURALIZATION BENEFITS.

(a) IN GENERAL.—Section 332 (8 U.S.C. 1443) is amended by adding at the end thereof the following new subsection:

"(h) The Attorney General shall broadly disseminate information respecting the benefits which persons may receive under this title and the requirements to obtain such benefits. In carrying out this subsection, the Attorney General shall seek the assistance of appropriate community groups, private voluntary agencies, and other relevant organizations, and the Attorney General is authorized to make grants to, and enter into contracts with, such organizations for such purposes.".

(b) ALLOCATION OF FUNDS.—(1) Section 404 (8 U.S.C. 1101, note) is amended by adding at the end thereof the following new subsection:

"(c) Of the amounts authorized to be appropriated by section 404 to carry out this Act for a fiscal year, $1,000,000 shall be available only to carry out section 332(h) for such fiscal year.".

(2) The amendment made by paragraph (1) shall take effect on October 1, 1989.

SEC. 205. NATURALIZATION OF NATIVES OF THE PHILIPPINES THROUGH ACTIVE-DUTY SERVICE IN THE ARMED FORCES DURING WORLD WAR II.

Section 329 (8 U.S.C. 1440) is amended—

(1) in subsection (a), by striking "Any" and inserting "Except as provided in subsection (d), any"; and

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

"(d) Paragraphs (1) and (2) of subsection (a) shall not apply to the naturalization of any person—

"(1) who was born in the Philippines or who was otherwise a noncitizen national of the United States residing in the Philippines before the service described in paragraph (2);

"(2) who served honorably in an active-duty status in the military, air, or naval forces of the United States at any time during the period beginning September 1, 1939, and ending December 31, 1946;

"(3) who is otherwise eligible for naturalization under this section; and

"(4) who applies for naturalization not later than one year after the date of enactment of the Naturalization Amendments of 1989.".

SEC. 206. CONFORMING AMENDMENTS.

(a) CONFORMING AMENDMENTS TO SECTION 310 REVISION.—(1) The item in the table of contents relating to section 310 is amended to read as follows:

"Sec. 310. Naturalization authority.".

(2) Section 101(a)(36) (8 U.S.C. 1101(a)(36)) is amended by striking "(except as used in section 310(a) of title III)".

(b) CONFORMING AMENDMENTS TO CHANGE IN RESIDENCE REQUIREMENT.—(1) Section 319 (8 U.S.C. 1430) is amended—

(A) in subsection (a), by striking "has resided within the State in which he filed his petition for at least six months" and inserting "has resided within the State or the district of the Service in the United States in which the applicant filed his application for at least three months",

(B) in subsections (b) and (d), by striking "within the jurisdiction of the naturalization court" and inserting "within a State or a district of the Service in the United States", and

(C) subsection (c) is amended by striking "within the jurisdiction of the court" and inserting "district of the Service in the United States".

(2) Section 322(c) (8 U.S.C. 1433(c)) is amended by striking "within the jurisdiction of the naturalization court" and inserting "within a State or a district of the Service in the United States".

(3) Section 324(a)(1) (8 U.S.C. 1435(a)(1)) is amended by inserting "or district of the Service in the United States" after "State".

(4) Section 328 (8 U.S.C. 1439) is amended—

(A) in subsection (a)—

(i) by inserting "or district of the Service in the United States" after "State", and

(ii) by striking "for at least six months" and inserting "for at least three months";

(B) in subsection (b)(1), by striking "within the jurisdiction of the court" and inserting "within a State or district of the Service in the United States"; and

(C) in subsection (c), by inserting "or district of the Service in the United States" after "State".

(5) Section 329(b) (8 U.S.C. 1440(b)) is amended—

(A) in paragraph (2)—

(i) by inserting "or district of the Service in the United States" after "State", and

(ii) by inserting "and" at the end of paragraph (2);

(B) by striking paragraph (3), and

(C) by redesignating paragraph (4) as paragraph (3).

(c) SUBSTITUTION OF APPLICATION FOR NATURALIZATION FOR PETITION FOR NATURALIZATION.—The text of the following provisions is amended by striking "a petition", "petition", "petitions", "a petitioner", "petitioner", "petitioner's", "petitioning", and "petitioned" each place it appears and inserting "an application", "application", "applications" or "applies" (as the case may be), "an applicant", "applicant", "applicant's", "applying", and "applied", respectively:

(1) Section 313(c) (8 U.S.C. 1424(c)).

(2) Section 316 (8 U.S.C. 1427).

(3) Section 317 (8 U.S.C. 1428).

(4) Section 318 (8 U.S.C. 1429).

(5) Section 319 (a) and (c) (8 U.S.C. 1430 (a), (c)).

(6) Section 322(a) (8 U.S.C. 1433).

(7) Section 324 (8 U.S.C. 324(a)).

(8) Section 325 (8 U.S.C. 1436).

(9) Section 326 (8 U.S.C. 1437).

(10) Section 328 (8 U.S.C. 1439).

(11) Section 329 (8 U.S.C. 1440).

(12) Section 330 (8 U.S.C. 1441).

(13) Section 331 (8 U.S.C. 1442), other than subsection (d).

(14) Section 333(a) (8 U.S.C. 1444(a)).

(15) Section 334 (8 U.S.C. 1445).

(16) Section 335 (8 U.S.C. 1446).

(17) Section 336 (8 U.S.C. 1447).

(18) Section 337 (8 U.S.C. 1448).

(19) Section 338 (8 U.S.C. 1449).

(20) Section 344 (8 U.S.C. 1455).

(21) Section 1429 of title 18, United States Code.

(d) SUBSTITUTING APPROPRIATE ADMINISTRATIVE AUTHORITY FOR NATURALIZATION COURT.—(1) Section 316 (8 U.S.C. 1427) is amended—

(A) in subsection (b), by striking "court" each place it appears and inserting "Attorney General",

(B) in subsection (b), by striking "date of final hearing" and inserting "date of any hearing under section 336(a)",

(C) in subsection (e), by striking "the court" and inserting "the Attorney General",

(D) in subsection (g)(1), by striking "within the jurisdiction of the court" and inserting "within a particular State or district of the Service in the United States", and

(E) in subsection (g)(2), by amending the first sentence to read as follows: "An applicant for naturalization under this subsection may be administered the oath of allegiance under section 337(a) by any district court of the United States, without regard to the residence of the applicant.".

(2) The second sentence of section 317 (8 U.S.C. 1428) is amended by striking "and the naturalization court".

(3) The third sentence of section 318 (8 U.S.C. 1429) is amended—

(A) by striking "finally heard by a naturalization court" and inserting "considered by the Attorney General", and

(B) by striking "upon the naturalization court" and inserting "upon the Attorney General".

(4) Section 319 (8 U.S.C. 1430) is amended—

(A) in subsection (b)(3), by striking "naturalization court" and inserting "Attorney General", and

(B) in subsection (c)(5), by striking "naturalization court" and inserting "Attorney General".

(5) Section 322(c)(2)(C) (8 U.S.C. 1433(c)(2)(C)) is amended by striking "naturalization court" the first place it appears and inserting "the Attorney General".

(6) Section 324 (8 U.S.C. 1435) is amended—

(A) in subsection (a)—

(i) by inserting "and" at the end of paragraph (1),

(ii) by striking the semicolon at the end of paragraph (2) and inserting a period, and

(iii) by striking paragraphs (3) and (4);

(B) in subsection (b), by striking "naturalization court" and inserting "Attorney General"; and

(C) in subsection (c)—

(i) in paragraph (2), by striking "the judge or clerk of a naturalization court" and inserting "the Attorney General or the judge or clerk of a court described in section 310(b)", and

(ii) in paragraph (3), by striking "or naturalization court" each place it appears and inserting "court, or the Attorney General".

(7) Section 327(a) (8 U.S.C. 1438(a)) is amended—

(A) by striking "any naturalization court specified in section 310(a) of this title" and inserting "the Attorney General or before a court described in section 310(b)"; and

(B) by inserting "and by the Attorney General to the Secretary of State" after "Department of Justice".

(8) Section 328(c) (8 U.S.C. 1439(c)) is amended by striking "the final hearing" and inserting "any hearing".

(9) Section 331(b) (8 U.S.C. 1442(b)) is amended by striking "called for a hearing" and all that follows through "to be continued" and inserting "considered or heard except after 90 days' notice to the Attorney General regarding the application, and the Attorney General's objection to such consideration shall cause the application to be continued".

(10) Section 332(a) (8 U.S.C. 1443(a)) is amended—

(A) by striking "for the purpose" and all that follows through "naturalization courts" in the first sentence, and

(B) by striking the second sentence.

(11) Section 333(a) (8 U.S.C. 1444(a)) is amended by striking "clerk of the court" and inserting "Attorney General".

(12) Section 334 (8 U.S.C. 1445) is amended—

(A) by amending the heading to read as follows:

"APPLICATION FOR NATURALIZATION; DECLARATION OF INTENTION";

(B) in subsection (a)—

(i) by striking "in the office of the clerk of a naturalization court" and inserting "with the Attorney General",

(ii) by striking "upon the hearing of such petition" and inserting "under this title";

(C) in subsection (b)—

(i) by striking "(1)",

(ii) by striking "and (2)" and all that follows through "Attorney General", and

(iii) by striking "petition for";

(D) by amending subsections (c) through (e) to read as follows:

"(c) Hearings under section 336(a) on applications for naturalization shall be held at regular intervals, to be fixed by the Attorney General.

"(d) Except as provided in subsection (e), an application for naturalization shall be filed in person in an office of the Attorney General.

"(e) A person may file an application for naturalization other than in an office of the Attorney General, and an oath of allegiance may be administered other than in a public ceremony before the Attorney General or a court, if the Attorney General determines that the person has an illness or other disability which—

"(1) is of a permanent nature and is sufficiently serious to prevent the person's personal appearance, or

"(2) is of a nature which so incapacitates the person as to prevent him from personally appearing."; and

(E) by striking the first sentence of subsection (f) and inserting the following: "An alien who has attained the age of 18 years of age and who is residing in the United States pursuant to a lawful admission for permanent residence may file with the Attorney General a declaration of intention to become a citizen of the United States. Such a declaration shall be filed in duplicate and in a form prescribed by the Attorney General and shall be accompanied by an application prescribed and approved by the Attorney General.".

(13) Section 335 (8 U.S.C. 1146) is amended—

(A) by amending the heading to read as follows:

"INVESTIGATION OF APPLICANTS; EXAMINATION OF APPLICATIONS";

(B) in subsection (a), by striking "At any time" and all that follows through "336(a)" and inserting "Before a person may be naturalized";

(C) in subsection (b)—

(i) by striking "preliminary" each place it appears,

(ii) in the first sentence, by striking "to any naturalization court" and all that follows through "to such court",

(iii) by striking "any court exercising naturalization jurisdiction as specified in section 310 of this title" in the second sentence and inserting "any district court of the United States"; and

(iv) by striking "final hearing conducted by a naturalization court designated in section 310 of this title" in the third sentence and inserting "hearing conducted by an immigration officer under section 336(a)";

(D) in subsection (c)—

(i) by striking "preliminary" each place it appears, and

(ii) by striking "recommendation" and inserting "determination"; and

(E) by amending subsections (d) through (f) to read as follows:

"(d) The employee designated to conduct any such examination shall submit to the Attorney General a determination as to whether the application be granted, denied, or continued, with reasons therefor.

"(e) After an application for naturalization has been filed with the Attorney General, the applicant shall not be permitted to withdraw his application, except with the consent of the Attorney General. In cases where the Attorney General does not consent to the withdrawal of the application, the application shall be determined on its merits and a final determination made accordingly. In cases where the applicant fails to prosecute his application, the application shall be decided on the merits unless the Attorney General dismisses it for lack of prosecution.

"(f) An applicant for naturalization who moves from the district of the Service in the United States in which the application is pending may, at any time thereafter, request the Service to transfer the application to any district of the Service in the United States which may act on the application. The transfer shall not be made without the consent of the Attorney General. In the case of such a transfer, the proceedings on the application shall continue as though the application had originally been filed in the district of the Service to which the application is transferred.".

(14) Section 336 (8 U.S.C. 1447) is amended—

(A) by amending the heading to read as follows:

"HEARINGS ON DENIALS OF APPLICATIONS FOR NATURALIZATION";

(B) by amending subsections (a) and (b) to read as follows:

"(a) If, after an examination under section 335, an application for naturalization is denied or continued, the applicant may request a hearing before an immigration officer.

"(b) Where there has been a failure to make a determination under section 335 on an application or a failure to have a hearing under subsection (a) on a denial or continuance of an application, the Board of Immigration Appeals (established by the Attorney General under part 3 of title 8, Code of Federal Regulations) may, in its discretion, and shall, at the request of the applicant in extraordinary circumstances, require such a determination or hearing.";

(C) in subsection (c), by striking "court" and inserting "immigration officer";

(D) in subsection (d)—

(i) by striking "clerk of the court" and all that follows through "naturalization" and inserting "immigration officer shall, if the applicant requests it at the time of filing the request for the hearing",

(ii) by striking "final" each place it appears, and

(iii) by adding at the end the following: "Such subpenas may be enforced in the same manner as subpenas under section 335(b) may be enforced."; and

(E) in subsection (e)—

(i) by striking "naturalization of any person," and inserting "administration by a court of the oath of allegiance under section 337(a)", and

(ii) by striking "included in the petition for naturalization of such persons" and inserting "included in an appropriate petition to the court".

(15) Section 337 (8 U.S.C. 1448) is amended—

(A) in subsection (a)—

(i) in the first sentence, by striking "in open court" and inserting "in a public ceremony before the Attorney General or a court with jurisdiction under section 310(b)",

(ii) in the second and fourth sentences, by striking "naturalization court" each place it appears and inserting "Attorney General", and

(iii) in the fourth sentence, by striking "the court" and inserting "the Attorney General";

(B) in subsection (b)—

(i) by striking "in open court in the court in which the petition for naturalization is made" and inserting "in the same public ceremony in which the oath of allegiance is administered", and

(ii) by striking "in the court" after "recorded";

(C) in subsection (c)—

(i) by striking "being in open court" and inserting "attending a public ceremony", and

(ii) by striking "a judge of the court at such place as may be designated by the court" and inserting "at such place as the Attorney General may designate under section 334(e)"; and

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

"(d) The Attorney General shall prescribe rules and procedures to ensure that the public ceremonies conducted by the Attorney General for the administration of oaths of allegiance under this section are in keeping with the dignity of the occasion.".

(16) Section 338 (8 U.S.C. 1449) is amended—

(A) by striking "by a naturalization court",

(B) by striking "the clerk of such court" and inserting "the Attorney General",

(C) by striking "title, venue, and location of the naturalization court" and inserting "location of the district office of the Service in which the application was filed and the title, authority, and location of the official or court administering the oath of allegiance",

(D) by striking "the court" and inserting "the Attorney General", and

(E) by striking "of the clerk of the naturalization court; and seal of the court" and inserting "of an immigration officer; and the seal of the Department of Justice".

(17) Section 339 (8 U.S.C. 1450) is amended to read as follows:

"FUNCTIONS AND DUTIES OF CLERKS AND RECORDS OF DECLARATIONS OF INTENTION AND APPLICATIONS FOR NATURALIZATION

"SEC. 339. (a) The clerk of each court that administers oaths of allegiance under section 337 shall—

"(1) issue to each person to whom such an oath is administered a document evidencing that such an oath was administered,

"(2) forward to the Attorney General information concerning each person to whom such an oath is administered by the court, within 30 days after the close of the month in which the oath was administered,

"(3) make and keep on file evidence for each such document issued, and

"(4) forward to the Attorney General certified copies of such other proceedings and orders instituted in or issued out of the court affecting or relating to the naturalization of persons as may be required from time to time by the Attorney General.

"(b) Each district office of the Service in the United States shall maintain, in chronological order, indexed, and consecutively numbered, as part of its permanent records, all declarations of intention and applications for naturalization filed with the office.".

(18) Section 340 (8 U.S.C. 1451) is amended in the first sentence of subsection (a), by striking "in any court specified in subsection (a) of section 310 of this title" and inserting "in any district court of the United States",

(19) Section 344 (8 U.S.C. 1455) is amended—

(A) in subsection (a)—

(i) by striking "The clerk of the court" and inserting "The Attorney General",

(ii) in paragraph (1), by striking "final", and

(iii) in paragraph (1), by striking "the naturalization court" and inserting "the Attorney General";

(B) by striking subsections (c), (d), (e), and (f);

(C) in subsection (g)—

(i) by striking ", and all fees paid over to the Attorney General by clerks of courts under the provisions of this title,", and

(ii) by striking "or by the clerks of the courts";

(D) in subsection (h)—

(i) by striking "no clerk of a United States court shall" and inserting "the Attorney General may not",

(ii) by striking ", and no clerk of any State court" and all that follows through "charged or collected", and

(iii) by striking the second sentence;

(E) in subsection (i), by striking "clerk of court", "from the clerk,", "such clerk", and "by the clerk" and inserting "Attorney General", "from the Attorney General,", "the Attorney General", and "by the Attorney General", respectively; and

(F) by redesignating subsections (g), (h), and (i) as subsections (c), (d), and (e), respectively.

(20) Section 348 (8 U.S.C. 1459) is amended—

(A) by striking subsection (b); and

(B) by striking "(a)," in subsection (a).

(e) STRIKING MISCELLANEOUS MATERIAL.—Section 316 (8 U.S.C. 1427) is amended—

(A) by striking subsection (f); and

(B) by redesignating subsection (g) as subsection (f).

(3) Section 331 (8 U.S.C. 1442) is amended by striking the second sentence of subsection (d).

(f) CORRECTIONS OF TABLE OF CONTENTS.—(1) The items in the table of contents relating to sections 334 through 336 are amended to read as follows:

"Sec. 334. Application for naturalization; declaration of intention.

"Sec. 335. Investigation of applicants; examination of applications.

"Sec. 336. Hearings on denials of applications for naturalization.".

(2) The item in the table of contents relating to section 339 is amended to read as follows:

"Sec. 339. Functions and duties of clerks and records of declarations of intention and applications for naturalization.".

SEC. 207. EFFECTIVE DATES AND SAVINGS PROVISIONS.

(a) EFFECTIVE DATE.—

(1) NO NEW COURT PETITIONS AFTER EFFECTIVE DATE.—No court shall have jurisdiction, under section 310(a) of the Immigration and Nationality Act, to naturalize a person unless a petition for naturalization with respect to that person has been filed with the court before the effective date (as defined in paragraph (3)).

(2) TREATMENT OF CURRENT COURT PETITIONS.—

(A) CONTINUATION OF CURRENT RULES.—Except as provided in subparagraph (B), any petition for naturalization which may be pending in a court on the effective date shall be heard and determined in accordance with the requirements of law in effect when the petition was filed.

(B) PERMITTING WITHDRAWAL AND CONSIDERATION OF APPLICATION UNDER NEW RULES.—In the case of any petition for naturalization which may be pending in any court on the date of the enactment of this Act, the petitioner may withdraw such petition and have the petitioner's application for naturalization considered under the amendments made by this title.

(3) EFFECTIVE DATE DEFINED.—As used in this section, the term "effective date" means the first day of the fourth month beginning after the date of the enactment of this Act.

(4) GENERAL EFFECTIVE DATE.—Except as otherwise provided in this section, the amendments made by this title are effective as of the date of the enactment of this Act.

(b) INTERIM, FINAL REGULATIONS.—The Attorney General shall prescribe regulations (on an interim, final basis or otherwise) to implement, on a timely basis, the amendments made by this title.

(c) CONTINUING DUTIES.—The amendments to section 339 of the Immigration and Nationality Act (relating to functions and duties of clerks) shall not apply to functions and duties respecting petitions filed before the effective date.

(d) GENERAL SAVINGS PROVISIONS.—(1) Nothing contained in this title, unless otherwise specifically provided, shall be construed to affect the validity of any declaration of intention, petition for naturalization, certificate of naturalization, certification of citizenship, or other document or proceeding which is valid as of the effective date; or to affect any prosecution, suit, action, or proceedings, civil or criminal, brought, or any status, condition, right in process of acquisition, act, thing, liability, obligation, or matter, civil or criminal, done or existing, as of the effective date.

(2) As to all such prosecutions, suits, actions, proceedings, statutes, conditions, rights, acts, things, liabilities, obligations, or matters, the provisions of law repealed by this title are, unless otherwise specifically provided, hereby continued in force and effect.

TITLE III—STATUS OF STUDENTS FROM THE PEOPLE'S REPUBLIC OF CHINA

SEC. 301. SHORT TITLE.

This title may be cited as the "Emergency Chinese Immigration Relief Act of 1989".

SEC. 302. ADJUSTMENT OF STATUS OF CERTAIN NATIONALS OF THE PEOPLE'S REPUBLIC OF CHINA.

The Immigration and Nationality Act is amended by inserting after section 245A the following new section:

"ADJUSTMENT OF STATUS OF CERTAIN NATIONALS OF THE PEOPLE'S REPUBLIC OF CHINA

"SEC. 245B. (a) WAIVER OF FOREIGN RESIDENCE REQUIREMENT FOR 'J' NONIMMIGRANTS.—Notwithstanding the provisions of section 212(e) of the Immigration and Nationality Act, persons who are nationals of the People's Republic of China may apply for adjustment of status to that of an alien lawfully admitted for permanent residence or for a change to another nonimmigrant status if such national—

"(1) was admitted to the United States as a nonimmigrant under section 101(a)(15)(J), or changed status to that of a nonimmigrant under 101(a)(15)(J), of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(J)), and

"(2) has been continuously resident in the United States since June 5, 1989.

"(b) PRESUMPTION OF CONTINUOUS RESIDENCE FOR CERTAIN PRC NATIONALS.—For purposes of adjustment of status under section 245 of the Immigration and Nationality Act (8 U.S.C. 1225) and change of status under section 248 of such Act (8 U.S.C. 1228), in the case of any alien who is a national of the People's Republic of China—

"(1) who, as of June 5, 1989, was present in the United States in the lawful status of a nonimmigrant described in section 101(a)(15) (F), (J), or (M), or

"(2) who was present in the United States as a nonimmigrant described in section 101(a)(15) (F), (J), or (M) before June 5, 1989, but who, as of that date was not present in the United States because of a brief, casual, and innocent trip abroad,

such an alien shall be considered as having continued to maintain lawful status as such a nonimmigrant (and to have maintained continuously a lawful status) for the period described in subsection (e).

"(c) AUTHORIZATION OF TRAVEL ABROAD.—The Attorney General shall, in accordance with existing regulations, permit an alien described in paragraph (1) or (2) of subsection (b) to return to the United States after

such brief and casual trips abroad as reflect an intention on the part of the alien to continue residence in the United States.

"(d) EMPLOYMENT AUTHORIZATION.—Any national of the People's Republic of China who is described in paragraph (1) or (2) of subsection (b) shall be granted authorization to engage in employment in the United States and shall be provided with an employment authorization document or other appropriate work permit for the period described in subsection (e).

"(e) DURATION OF STATUS.—(1) Subject to paragraph (2), nationals of the People's Republic of China described in paragraph (1) or (2) of subsection (b) shall have their departure from the United States deferred until June 5, 1993, regardless of whether there has been an adjustment or change of status under subsection (a) or (b).

"(2) On or after June 5, 1990, the Attorney General may terminate the status accorded under this subsection 60 days following the date that the President determines and so certifies to the Congress that conditions in the People's Republic of China permit such aliens to return to that country in safety.

"(f) ADJUSTMENT TO LAWFUL RESIDENT STATUS OF CERTAIN NATIONALS OF THE PEOPLE'S REPUBLIC OF CHINA.—

"(1) ADJUSTMENT OF STATUS.—The status of a national of the People's Republic of China shall be adjusted by the Attorney General to that of an alien lawfully admitted for temporary residence if the alien—

"(A) applies for such adjustment during the 90-day period prior to June 5, 1993;

"(B) establishes that the alien (i) lawfully entered the United States on or before June 5, 1989, as a nonimmigrant described in subparagraph (F) (relating to students), subparagraph (J) (relating to exchange visitors) or subparagraph (M) (relating to vocational students) of section 101(a)(15) of the Immigration and Nationality Act, or lawfully changed status to that of a nonimmigrant described in any such subparagraph on or before June 5, 1989, (ii) held a valid visa under any such subparagraph as of June 5, 1989, and (iii) has resided continuously in the United States since June 5, 1989 (other than brief, casual and innocent absences); and

"(C) meets the requirements of section 245A(a)(4) of the Immigration and Nationality Act (8 U.S.C. 1255a(a)(4)): *Provided, however,* That membership in the Communist party of the People's Republic of China or subdivision thereof shall not constitute an independent basis for denial of adjustment of status if such membership was 'involuntary' or 'nonmeaningful';

and the the Attorney General shall not have terminated prior to June 5, 1993 the status accorded under subsection (e) of this section. The Attorney General shall provide for the acceptance and processing of applications under this subsection by not later than ninety days after the date of enactment of this Act.

"(2) STATUS AND ADJUSTMENT OF STATUS.—The provisions of subsections (b), (c) (6) and (7), (d), (f), (g), and (h) of section 245A of the Immigration and Nationality Act (8 U.S.C. 1255a) shall apply to aliens provided temporary residence under paragraph (1) in the same manner as they apply to aliens provided lawful temporary residence status under section 245A(a) of such Act: *Provided, however,* That membership in the Communist party of the People's Republic of China or subdivision thereof shall not constitute an independent basis for denial of adjustment of status if such membership was 'involuntary' or 'nonmeaningful'.".

SEC. 303. TASK FORCE ON STUDENTS FROM THE PEOPLE'S REPUBLIC OF CHINA IN THE UNITED STATES.

(1) ESTABLISHMENT.—It is the sense of the Senate that the President shall establish a task force to be known as the Task Force on Certain Nationals of the People's Republic of China in the United States (hereafter in this section referred to as the "Task Force"), composed of the Secretary of State (or his designee), who shall be the chair of the Task Force and representatives of other relevant agencies, as determined by the Secretary of State.

(2) DUTIES AND RESPONSIBILITIES.—The Task Force shall carry out the following duties and responsibilities:

(A) Taking into consideration the situation in the People's Republic of China, the Task Force shall assess the specific needs and status of citizens of the People's Republic of China who were admitted under nonimmigrant visas to the United States.

(B) The Task Force shall formulate and recommend to the Congress and the President policies and programs to address the needs determined under subparagraph (A).

(C) The Task Force shall establish directly or indirectly a clearinghouse to provide those Chinese citizens described in subparagraph (A) and United States institutions of higher education with appropriate information including—

(i) public and private sources of financial assistance available to such citizens;

(ii) information and assistance regarding visas and immigration status; and

(iii) such other information as the Task Force considers feasible and appropriate.

(3) REPORTS.—(A) Not later than 60 days after the date of enactment of this Act, the President shall submit to the Congress a report on the status and work of the Task Force.

(B) Not later than May 1, 1990, and every 90 days after the establishment of such Task Force, the President shall submit to the appropriate committees of the Congress a report prepared by the Task Force, which shall include—

(i) recommendations under paragraph (2)(B); and

(ii) a comprehensive summary of the programs and activities of the Task Force.

(4) TERMINATION.—The Task Force shall cease to exist 2 years after the date of enactment of this Act.

TITLE IV—BURMESE STUDENTS

SEC. 401. REPORT TO CONGRESS ON UNITED STATES IMMIGRATION POLICY TOWARD BURMESE STUDENTS.

(a) The Attorney General, in consultation with the Secretary of State, shall report to the Committees on Foreign Relations and the Judiciary within 30 days of enactment of this Act on the immigration policy of the United States regarding Burmese pro-democracy protesters who have fled from the military government of Burma and are now located in border camps or inside Thailand. Specifically, the report shall include:

(1) a description of the number and location of such persons in border camps in Burma, inside Thailand, and in third countries;

(2) the number of visas and parole applications and approvals for such persons by United States authorities and precedents for increasing such visa and parole applications in such circumstances;

(3) the immigration policy of Thailand and other countries from which such persons have sought immigration assistance;

(4) the involvement of international organizations, such as the United Nations High Commission for Refugees, in meeting the residency needs of such persons; and

(5) the involvement of the United States, other countries, and international organizations in meeting the humanitarian needs of such persons.

The Attorney General shall recommend in the report any legislative changes he deems appropriate to meet the asylum, refugee, parole, or visa status needs of such persons.

(b) As used in this section, the term "pro-democracy protesters" means those persons who have fled from the current military regime of Burma since the outbreak of pro-democracy demonstrations in Burma in 1988.

TITLE V—LABOR SHORTAGE REDUCTION

SEC. 501. DEFINITIONS.

As used in this title:

(1) LABOR SHORTAGE.—The term "labor shortage" means a situation in which, in a particular occupation, the quantity of labor supplied is less than the quantity of labor demanded by employers.

(2) SECRETARY.—The term "Secretary" means the Secretary of Labor.

SEC. 502. IDENTIFICATION, PUBLICATION, AND REDUCTION OF LABOR SHORTAGES.

(a) IDENTIFICATION OF LABOR SHORTAGES.—

(1) METHODOLOGY.—Utilizing available data bases to the extent possible, the Secretary shall develop a methodology to estimate, on an annual basis, national labor shortages.

(2) LABOR SHORTAGE DESCRIPTION.—As part of the identification of national labor shortages under paragraph (1), the Secretary shall, to the extent feasible, develop information on—

(A) the intensity of each labor shortage;

(B) the supply and demand of workers in occupations affected by the shortage;

(C) industrial and geographic concentration of the shortage;

(D) wages for occupations affected by the shortage;

(E) entry requirements for occupations affected by the shortage; and

(F) job content for occupations affected by the shortage.

(b) PUBLICATION OF NATIONAL LABOR SHORTAGES.—

(1) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, and each year thereafter, the Secretary shall publish the list of national labor shortages as determined under subsection (a).

(2) DISTRIBUTION OF PUBLICATION.—The Secretary shall provide the list referred to in paragraph (1) and related information to parties and agencies such as—

(A) students and job applicants;

(B) vocational educators;

(C) employers;

(D) labor unions;

(E) guidance counselors;

(F) administrators of programs established under the Job Training and Partnership Act (29 U.S.C. 1501 et seq.);

(G) job placement agencies; and

(H) appropriate Federal and State agencies.

(3) MEANS OF DISTRIBUTION.—In making the distribution referred to in paragraph (2), the Secretary shall use various means of distribution methods, including appropriate electronic means such as the Interstate Job Bank.

(c) DEVELOPMENT OF DATA BASES.—The Secretary shall—

(1) conduct research and, as appropriate, develop data bases to improve the accuracy of the methodology referred to in subsection (a); and

(2) make recommendations to identify labor shortages by region, State, and local areas.

(d) REPORT TO CONGRESS.—At the same time that the Secretary issues the annual publication under subsection (b), the Secretary shall prepare and submit to the appropriate committees of Congress a report that—

(1) describes the progress of the research and development conducted under subsection (c);

(2) describes actions taken by the Secretary during the previous 12 months to reduce labor shortages, and specifies a plan of action to be taken by the Secretary to ensure that federally funded employment, education, and training agencies reduce national labor shortages that have been identified under subsection (a); and

(3) includes recommendations by the Secretary for parties such as Congress, Federal agencies, States, employers, labor unions, job applicants, students, and career counselors to reduce such labor shortages by—

(A) promoting recruitment efforts of job placement agencies for occupations experiencing a labor shortage;

(B) encouraging career counseling and testing to guide potential employees into occupations experiencing a labor shortage;

(C) accelerating and enhancing education and training in occupations experiencing a labor shortage; and

(D) other appropriate actions.

SEC. 503. AUTHORIZATION OF APPROPRIATION.

There are authorized to be appropriated to carry out this title $2,500,000 for the first fiscal year beginning after the date of enactment of this title, and such sums as may be necessary to carry out this title in each subsequent fiscal year.

TITLE VI—CENSUS

SEC. 601. PREVENTION OF CONGRESSIONAL REAPPORTIONMENT DISTORTIONS.

(a) FINDINGS.—The Congress finds that—

(1) in recent years millions of aliens have entered the United States in violation of immigration laws and are now residing in the United States in an illegal status and are subject to deportation;

(2) the established policy of the Bureau of the Census is to make a concerted effort to count such aliens during the 1990 census without making a separate computation for such illegal aliens; and

(3) by including the millions of illegal aliens in the reapportionment base for the House of Representatives, many States will lose congressional representation which such States would not have otherwise lost, thereby violating the constitutional principle of "one man, one vote".

(b) SECRETARIAL ADJUSTMENTS TO PREVENT DISTORTIONS.—Section 141 of title 13, United States Code, is amended by redesignating subsection (g) as subsection (h), and by inserting after subsection (f) the following new subsection:

"(g) The Secretary shall make such adjustments in total population figures as may be necessary, using such methods and procedures as the Secretary determines feasible and appropriate, in order that aliens in the United States in violation of the immigration laws shall not be counted in tabulating population for purposes of subsection (b) of this section: *Provided, however,* That nothing in this subsection shall be construed to supersede section 195 of title 13, United States Code.".

(c) CONFORMING AMENDMENT.—Section 22(a) of the Act entitled "An Act to provide for the fifteenth and subsequent decennial censuses and to provide for apportionment of Representatives in Congress", approved June 18, 1929 (2 U.S.C. 2a(a)), is amended by striking out "as ascertained under the seventeenth and each subsequent decennial census of the population" and inserting in lieu thereof "as ascertained and reported under section 141 of title 13, United States Code, for each decennial census of population".

SEC. 602. SEVERABILITY.

In the event that any one or more provisions of this title is held to be unconstitutional, the same shall not affect the validity of other provisions of this Act.

ADDITIONAL STATEMENTS

SHERIFF JACK MILLER: A GOOD FRIEND AND A GREAT PUBLIC SERVANT

● Mr. LIEBERMAN. Mr. President, I rise today in honor of the memory of a man from my home State and my hometown. Jacob "Jack" Miller was a neighbor, a friend, and a dedicated public servant whose work benefited our community in countless ways.

For 30 years, Jack Miller served the people as a deputy sheriff. He loved his work, and he loved doing work that helped government be of service to the people. All who worked with him have nothing but praise for his conscientiousness, his hard work, and his ability to get things done. "He was 100 percent sheriff," said his friend and coworker, Anthony Giresi.

Beyond his important role as a deputy sheriff in the county of New Haven, Jack Miller was accomplished in other fields as well. He was a veteran, having served in the U.S. Army during World War II. After the war, he played semiprofessional baseball for the Waterbury Red Sox. His interest in sports continued, and he went on to receive the Hilltop Athletic Association Sports Award for athletic accomplishment.

A man of religious conviction, Jack Miller was a cofounder of the Brotherhood in Action Committee, and a past president of the Horeb Lodge of B'nai Brith. He was also a member of the Westville Synagogue, and the Jewish Community Center of Greater New Haven.

"I am not influenced by the expectation of promotion or pecuniary reward," said another Connecticut native, Nathan Hale. "I wish to be useful, and every kind of service necessary for the public good, becomes honorable by being necessary."

In his public and private life, Jack Miller was a consummately honorable man, and I will miss him. I offer my condolences to his beloved wife Justine and to his family and many friends.●

MELANIE LYNN GLASSCOCK, MISS KENTUCKY

● Mr. McCONNELL. Mr. President, I would like to take this opportunity to congratulate the new Miss Kentucky, Melanie Lynn Glasscock of Leitchfield, KY. The talented and dedicated Melanie will represent Kentucky in the Miss America pageant in September. I am submitting a Louisville Courier-Journal article which describes Melanie's accomplishment into the RECORD.

Melanie, who was Miss Green River Valley, is a senior at the University of Kentucky and plans to attend law school there after graduation. This was her first attempt in the Miss Kentucky pageant, and she attributes her win to hard work and the extra effort she put into her talent, baton twirling. Judging was also based on individual interviews, evening gown competition, and swimsuit competition. In addition, the 27 contestants participated in a square dance contest and country costume contest. They also attended the Miss Kentucky race at Louisville Downs. Melanie will receive at least $8,000 in scholarship money, among other prizes, for her win.

No Miss Kentucky has ever won the Miss America Pageant, but Melanie is determined to change that. I hope that my Senate colleagues will join me in congratulating this talented young woman and in wishing her the best of luck in the upcoming Miss America pageant.

The article follows:

[From the Louisville Courier-Journal, July 16, 1989]

UK SENIOR TWIRLS HER WAY TO TITLE, TRIP TO ATLANTIC CITY

(By Gideon Gil and Katy Monk)

Onward to Atlantic City.

That's where Melanie Lynn Glasscock of Leitchfield will compete in the Miss America Pageant in September after being crowned Miss Kentucky last night.

Glasscock, 21, a University of Kentucky senior, pumped her fist in the air when emcee Victoria Harned, the 1976 Miss Kentucky, called her name shortly before 11 p.m. in the Macauley Theatre.

"I'll make you proud; I don't care how hard I have to work" at the Miss America Pageant, she told a judge after she won.

"We're ready. We're going to give it our all." No Miss Kentucky has ever gone on to win the Miss America crown. "It's our time." Glasscock, who was Miss Green River Valley, intends to go to law school at UK.

Successful in her first attempt in the pageant, Glasscock—who won the talent competition Thursday after dazzling judges with her baton twirling—attributed her win to hard work. "There were so many talented girls and they're all beautiful and smart, so it had to be the talent and the extra effort I put into it."

Glasscock will receive at least $8,000 in scholarship money; a wardrobe worth

$4,500; jewelry and shoes; beauty care, hair styling, manicures and pedicures during the year of her reign; two nights at a Las Vegas hotel; tanning sessions and a year's membership in a health club; and a Dale Carnegie course in effective speaking and human relations.

All contestants receive make-up, terry-cloth robes, $5 gift certificates for ice cream, and, if admitted to Alice Lloyd College, a $5,908 renewable scholarship.

Judging was based on individual interviews and on evening-gown, swimsuit and talent competitions. Talents on display included pop, country and classical singing, piano playing, tap and jazz dancing, ballet, clogging, twirling and gymnastics.

The 27 contestants participated in a square-dance contest and country-costume contest Tuesday and attended the Miss Kentucky race at Louisville Downs Wednesday.

First runner-up was Glenda Rene Haney of Carter City, Miss Heart of the Highlands; second runner-up was Christa M. Todd of Mayfield, Miss West Kentucky; third runner-up was Tawnya Dawn Mullins of Klimper, Miss Lexington; and fourth runner-up was Nancy Jane Cox of Campbellsville, Miss Bluegrass Area.●

JESSICA LEE GLADSTONE, 1989 PUBLIC SERVICE SCHOLARSHIP RECIPIENT

● Mr. D'AMATO. Mr. President, I rise today to congratulate Jessica Lee Gladstone of Brooklyn on her winning essay "How My Chosen Government Career Affects the Quality of Life in America." Jessica has been chosen to receive one of the 1989 public service scholarships presented by the Public Employees Roundtable. Only 8 recipients were chosen nationwide from among more than 450 applicants. I would like to have it printed into the RECORD.

The essay follows:

I have always known that I would pursue a career in public interest law. My grandparents, who were immigrants, felt that they had been given new life in this country, and some of my earliest memories are of them speaking of the privileges and rights that they enjoyed here, and of the responsibilities and obligations that good citizens owed to their country.

My mother's sister is quadraplegic as a result of an automobile accident twenty-one years ago. While still in elementary school I became aware of the discrimination practiced, perhaps unwittingly, upon the disabled. She was treated as if her mental faculties were impaired, although they were not. People looked the other way when she came into view. There were then few provisions for home care, transportation, socialization, shopping, or vocational counseling other than what her family could provide. I knew that when I grew up I would change things so that people like Aunt Eileen would not be treated as non-persons or persons to be denied their basic rights.

Between third and sixth grades two other important things happened to me. I became aware that the dyslexia that affected my dad and my sister affected me also. At that time little was known (or publicized) about dyslexia and many of my teachers and classmates were impatient with me—especially as I did well in many areas. They accused me of malingering, being stubborn and ambitionless. I learned to work harder and longer, constantly reviewing and re-reading and I became successful enough so that others now looked up to me but I never forgot that feeling of wanting someone to come to my defense, to get me the help I needed. I determined to be that person for others. In sixth grade our class was taken on a trip to the State Supreme Court. We sat in on a trial and afterward we enacted a different trial, with a lawyer's help. I was impressed with the care given to protecting the rights of the individual.

At one time in high school I needed information about our local representatives. It was close to 9:30 at night. The libraries were closed, the League of Women Voters' office was closed and I was desperate. I tried the local assemblyman's office. Not only was it open—but he was there and he answered my questions personally. I felt that he really cared about his constituents to be working for them late at night, and it was not even an election year!

My parents, who are retired teachers, have always stressed the importance of serving the public and the satisfaction it brings. Their values shaped and influenced me to be an active participant in the community. It was for this reason that I chose to attend the Urban Legal Studies Program at City College for my undergraduate education. The Urban Legal Studies Program teaches law with a commitment to the under-represented. Through this program I have further realized the value of public service and my interest has increased. I now work part-time and summers at the New York Attorney General's office where the public's needs are the priority.

I am dedicated to a future in the service of the public. I have seen the harm which occurs when all people are not fairly represented and I have seen first hand the importance of the law in protecting and preserving freedom and the rights of the citizen during my current year and a half at work in the NYS Attorney General's office. In my career as a lawyer, I would like to help all people receive the opportunities which have historically been given only to the favored. I plan to practice law on a local level, in the public interest field, to ensure that the disabled, the impoverished and the under-represented are no longer discriminated against, and are able to enjoy and participate equally in all aspects of American life. To me, law is a promise to protect and serve all members of the community. As a public interest lawyer on the local level, it is a promise that I will carry out.●

VIETNAMESE-AMERICAN CULTURAL ALLIANCE OF COLORADO STUDENT AWARDS

● Mr. WIRTH. Mr. President, I would like to take this opportunity to honor several Vietnamese-American students from the State of Colorado whose outstanding academic performance merits special notice by this Congress.

The Vietnamese-American Cultural Alliance of Colorado, a nonprofit service organization composed of Vietnamese immigrants and Americans of Vietnamese origin, has selected several young people to be honored in recognition of their exemplary academic standing. These youngsters have made a highly successful transition from one distant and different culture to another and now, because of their courage, perseverance, and excellence as citizens of this country, have become exemplary students. For this reason I feel each one of these students deserves special acknowledgment by the Senate.

The recipients of the 1989 Colorado Awards for Academic Excellence are: Erica Le, kindergarten; Giang Kiet Linh, grade 6; Mary Hoatam, grade 5; Tien Duc Nghia, grade 4; John Nguyen, grade 1; Nguyen Thi Tran, grade 6; Nguyen Nam, grade 3; Than Cao Thien, grade 5; Le Thi Nga, grade 4; Lam My Thanh, grade 4; Nguyen Hai, grade 2; Nguyen Phu, grade 2; Tran Thi Thu, grade 4; Chung Huy, grade 3; Nguyen Thao, grade 4; Nguyen Tuyet, grade 4; Huynh Ngoc Linh, grade 2; Mimi Nguyen Thien Huong, grade 3; Lyna Nguyen, grade 8; Hoang Thi Huong, grade 6; Jimmy Ngo, grade 6; Le Tram, grade 7; Dang Quoc Anh, grade 8; Tran Tan, grade 6; Nguyen Chau Ha, grade 9; Hang Hoang, grade 8; Luong Chay, grade 7; Tran Uyen Phan, grade 8; Nguyen Hoang, grade 7; Nguyen Chi, grade 6; Vo Truc, grade 8; Pham Thi Diem, grade 8; Nguyen Quynh Nhu, grade 8; Nguyen Thi Thu-Quang, grade 9; Nguyen Thi Hanh, grade 8; Van Tan Tai, grade 8; Quach Cam Ha, grade 8; Jackie Nguyen, grade 6; Ann Nguyen, grade 7; Hang Bao Quoc, grade 9; Nguyen Thi B. Hanh, grade 8; Vu Quoc Khanh, grade 12; Vu Thanh, grade 10; Nguyen Trong Khanh, grade 11; Ngo Duy Anh, grade 12; Nguyen Kim Thuy, grade 11; Trieu Nguyen Hanh, grade 11; Nguyen T. Phu, grade 11; Ngo Tuan, grade 11; Ngo Tai, grade 9; Ngo Tu, grade 9; Nguyen Ha, grade 11; Tran Thu Quyen, grade 12; Nguyen Anh Khoa, grade 10; Nguyen Thanh, grade 10; Tran Uyen-Thy, grade 11; Nguyen H. Minh, grade 12; Nguyen Dung, grade 11; Tram Manh Quang, grade 10; Sue Do, grade 12; Vo Thuy Vu, grade 11; Nguyen M. Hanh, grade 12; Nguyen Trien, grade 11; Dang Kim Chau, grade 9; Vo Thanh Phuong, grade 11; Ly Tien, grade 11; Bui Quoc Thang, grade 12; Bui Thuy Trang, grade 9; Sue Nguyen, grade 11.

Unfortunately, space does not permit a description of each student's accomplishments. However, I can say that each of these students has achieved extraordinary academic standing—earning a perfect 4.0 grade point average or better.

Let me also extend my thanks to the Vietnamese-American Cultural Alliance of Colorado, without whose support and dedication to community service, these special kids would not have been recognized. Henry Tuoc V. Pham, the president of the alliance, has done an outstanding job of encouraging academic excellence among young Vietnamese-American students.

His hard work, along with the love and support of their families, certainly shows in the fine academic performance of these 69 young Coloradans.●

MARY JANE MUSGAT

● Mr. DODD. Mr. President, it was 15 years ago that John and Mary Jane Musgat bought the weekly newspaper Voices in the town of Southbury, CT, and wrote the first chapter in what was to become one of the great journalist success stories in the history of our State.

From the very start, these skilled and gentle editor-owners gave their readers in western Connecticut the sort of community newspaper all us hope to see on our doorstep every morning or evening, or in our mailboxes every week; independent, fair, accurate, informative, and entertaining. Week in and week out, year in and year out, that was the product the Musgats delivered.

John Musgat died 5 years ago, and Mary Jane continued alone at the helm of what had become a thriving and highly respected enterprise. Sadly, with the recent death of Mary Jane Musgat, the readers of Voices and the town of Southbury have lost not only a wonderful friend and the second half of an admired team of editors, but an eloquent voice for dignity and beauty in the town she loved.

Although born in the Midwest, Mrs. Musgat was the consumate Yankee in her years in Connecticut—tremendously modest, sometimes reserved, always ready to help a neighbor or a member of her staff. She had a firm sense of decorum, and while she could be as gruff as any newspaper editor when it was required, she was by nature courteous and friendly. That she was widely loved is proven by an editorial that ran in the Star, a competing weekly paper, which stated in part,

> We don't think anyone who dealt with her as a professional or as a human being could think of Mrs. Musgat as anything but an ally.

Voices has flourished in the 15 years since John and Mary Jane Musgat purchased the paper. Under the leadership first of the two of them, then later of Mrs. Musgat, the weekly's size grew from 12 pages to an average of more than 100. Its circulation expanded to more than 23,000 in 6 towns, and coverage now includes politics, the arts, and sports. What was once not more than a listing of community events is today a wide-ranging weekly serving a large area of western Connecticut.

Mrs. Musgat made working at her paper an education for young journalists, whom she trained in the details of proper writing style. She leaves a cadre of writers at papers around the Northeast who have trained under her, thousands of readers who learned about their region from her, loving relatives, and friends in every place she has lived. We will all miss this skilled editor and gracious soul.

BUDGET SCOREKEEPING REPORT

● Mr. SASSER. Mr. President, I hereby submit to the Senate the latest budget scorekeeping report for fiscal year 1989, prepared by the Congressional Budget Office in response to section 308(b) of the Congressional Budget Act of 1974, as amended. This report was prepared consistent with standard scorekeeping conventions. This report also serves as the scorekeeping report for the purposes of section 311 of the Budget Act.

This report shows that current level spending is over the budget resolution by $3.8 billion in budget authority, and over the budget resolution by $1 billion in outlays. Current level is under the revenue floor by $0.3 billion.

The current estimate of the deficit for purposes of calculating the maximum deficit amount under section 311(a) of the Budget Act is $136.4 billion, $0.4 billion above the maximum deficit amount for 1988 of $136 billion.

The report follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 24, 1989.

Hon. JIM SASSER,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report shows the effects of Congressional action on the budget for fiscal year 1989 and is current through July 21, 1989. The estimates of budget authority, outlays, and revenues are consistent with the technical and economic assumptions of the most recent budget resolution for FY 1989, H. Con. Res. 268. This report is submitted under Section 308(b) and in aid of Section 311 of the Congressional Budget Act, as amended, and meets the requirements for Senate scorekeeping of Section 5 of S. Con. Res. 32, the 1986 First Concurrent Resolution on the Budget.

Since my last report, Congress has taken no action that affects the concurrent level of spending or revenues.

Sincerely,

ROBERT D. REISCHAUER,
Director.

CBO WEEKLY SCOREKEEPING REPORT FOR THE U.S. SENATE, 101ST CONG., 1ST SESS., AS OF JULY 21, 1989

[In billions of dollars]

	Current level [1]	Budget resolution H. Con. Res. 268 [2]	Current level (+)/(−) resolution
Budget authority	1,235.8	1,232.1	3.8
Outlays	1,100.8	1,099.8	1.0
Revenues	964.4	964.7	−.3
Debt subject to limit	2,790.0	[3] 2,824.7	−34.7
Direct loan obligations	24.4	28.3	−3.9
Guaranteed loan commitments	111.0	111.0	.....
Deficit	136.4	[4] 136.0	[5] −.4

[1] The current level represents the estimated revenue and direct spending effects (budget authority and outlays) of all legislation that Congress has enacted in this or previous sessions or sent to the President for his approval and is consistent with the technical and economic assumptions of H. Con. Res. 268. In addition, estimates are included of the direct spending effects for all entitlement or other mandatory programs requiring annual appropriations under current law even though the appropriations have not been made. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

[2] In accordance with sec. 5(a)(b) the levels of budget authority, outlays, and revenues have been revised for catastrophic health care Public Law 100-360).

[3] The permanent statutory debt limit is $2,800,000,000,000.

[4] Maximum deficit amount [MDA] in accordance with section 3(7)(D) of the Congressional Budget Act, as amended.

[5] Current level plus or minus MDA.

PARLIAMENTARIAN STATUS REPORT, 101ST CONG., 1ST SESS., SENATE SUPPORTING DETAIL, FISCAL YEAR 1989 AS OF CLOSE OF BUSINESS JULY 21, 1989

[In millions of dollars]

	Budget authority	Outlays	Revenues
I. Enacted in previous sessions:			
Revenues			964,434
Permanent appropriations and trust funds	874,205	724,990	.....
Other appropriations	594,475	609,327	.....
Offsetting receipts	−218,335	−218,335	.....
Total enacted in previous sessions	1,250,345	1,115,982	964,434
II. Enacted this session:			
Adjust the purchase price for nonfat dry dairy products		−10	.....
Implementation of the Bipartisan Accord on Central America (Public Law 101-14)	−11	.....	.....
Dire Emergency and Urgent Supplemental Appropriations, 1989 (Public Law 101-45)	3,493	1,023	.....
Total enacted this session	3,482	1,013	.....
III. Continuing resolution authority	.....	.....	.....
IV. Conference agreements ratified by both Houses	.....	.....	.....
V. Entitlement authority and other mandatory items requiring further appropriation action:			
Dairy Indemnity Program	([1])	([1])	.....
Special milk	4	.....	.....
Food Stamp Program	29	.....	.....
Federal Crop Insurance Corporation fund	144	.....	.....
Compact of free association	1	1	.....
Special benefits	37	37	.....
Payments to the Farm Credit System	35	35	.....
Payment to the civil service retirement and disability trust fund	(85)	(85)	.....
Payment to hazardous substance Superfund	(99)	(99)	.....
Supplemental security income	201	201	.....
Special benefits for disabled coal miners	3	.....	.....
Medicaid:			
Public Law 100-360	45	45	.....
Public Law 100-485	10	10	.....
Family support payments to States:			
Previous law	355	355	.....
Public Law 100-485	63	63	.....
Total entitlement authority	926	747	.....
VI. Adjustment for economic and technical assumptions	−18,925	−16,990	.....
Total current level as of July 21, 1989	1,235,828	1,100,751	964,434
1989 budget resolution H. Con. Res. 268	1,232,050	1,099,1750	964,700
Amount remaining:			
Over budget resolution	3,778	1,001	.....
Under budget resolution	.....	.....	266

[1] Less than $500,000.

Notes.—Numbers may not add due to rounding. Amounts in parenthesis are interfund transactions that do not add to budget totals.●

COMMITTED TO CARING

● Mr. DURENBERGER. Mr. President, it was once said that happiness is the natural flower of duty. I was reminded of that phrase last week as I received word last week that two Minnesotans who embody that philosophy will be celebrating 50 years of marriage to one another next month.

Deacon Larry and Lucy Sierzant have brought to the community of Holy Cross Catholic Church a sense of duty and loyalty which is considered truly rare these days. They have each been a part of the same neighborhood for most of their lives and have made Holy Cross, and De LaSalle High School in Minneapolis a central part of their life together.

Larry and Lucy have found happiness in service to Holy Cross, where Larry is a deacon, and Lucy is an ace volunteer. And, in addition to all that they have done for the church, they raised five children to be responsible adults.

The Sierzant children were raised with the same loyalty and sense of community that fill Larry and Lucy's days. As adults, they have remained emotionally and geographically close to their parents and continue to draw from the seemingly infinite well of warmth and understanding which Larry and Lucy share. That family strength brought this very special family even closer when Larry and Lucy's only son was tragically killed in a car accident.

It is clear that their experiences are that of common people. It is their strength and happiness, stemming from duty and commitment to all people, which is truly uncommon. Selfishly, we can be thankful that Larry and Lucy have remained in a union of good health for half a century, for in that time, we have so dearly needed them and learned from them.

More importantly, the Lord granted us a gift when these two fine people found one another. For in each other's company, each has grown and served the Lord.●

BALL STATE UNIVERSITY BLACK ALUMNI ASSOCIATION

● Mr. LUGAR. Mr. President, the Ball State University Black Alumni Society will recognize four outstanding graduates who have contributed greatly to their committees in the field of education and service.

Ball State University, which is located in Muncie, IN, is one of the State's finest post secondary institutions and continues to produce talented individuals that serve our State and Nation.

On August 5, 1989, the Black Alumni Association will honor the following individuals and I want to take this opportunity to inform my colleagues of their efforts.

Mary Etta Rose, a 1937 graduate, Mrs. Rose has served thousands of youth in the Indianapolis Public School system during her 45 years of teaching. Her world travels to Africa and China allowed her to develop unique talents as a teacher.

Charles Martin, Sr., a 1965 and 1972 graduate of Ball State University and the director of the South Bend/Mishawaka YMCA urban youth services, Charles has developed an extensive educational network to motivate minority youth to achieve academic excellence. His personality and wisdom have touched many, many individuals.

Dr. Sharon Banks, a 1969 graduate and doctorate recipient. Dr. Banks has provided strong leadership in both political and civic affairs in the city of Fort Wayne, IN. As an assistant principal, her school was listed as one of the best in the State of Indiana. She is the first African-American to serve as chief of staff for a mayor in the State of Indiana.

I would like my colleagues to join me in saluting these distinguished Ball State University alumni.●

AKIRA KUROSAWA

● Mr. WILSON. Mr. President, I stand today in order to extend congressional recognition to a world-renowned film director whose career has spanned over 40 years and will—undoubtedly—continue to shape and mold this Nation's perceptions and understanding of Japan and the Japanese people.

Akira Kurosawa, the Academy Award-winning director, will be accorded the honor of receiving the Nikkei Foundation's annual Lifetime Achievement award on July 29, 1989. In celebration of his influential career in film, I ask the Congress and the American people to join with me in recognizing this man's tremendous body of work as well.

In many notable and memorable films such as "The Seven Samurai," "Throne of Blood," "Rashomon," and "Ran," the Tokyo-born Kurosawa has powerfully illustrated his view of Japanese culture through the visual medium of film. This view has spanned not only the Pacific Ocean, but more importantly, the cultural expanse between East and West—impacting generations of filmgoers the world over.

Moreover, Mr. President, Mr. Kurosawa's films have helped Americans understand and empathize with the effect of history and social values on Japanese lifestyle. His powerful direction has revealed to audiences truths and value that cut across ethnic and national borders, touching American as well as Japanese minds forever.

His career distinguishes him as a director of substance, one unafraid to take risks of presenting powerful, emotional and universal themes as a means to impress upon society the need for truth and morality.

True to his visions and to himself, Mr. Kurosawa is an example of the spirit of artistic integrity in today's multi-cultural global village. Not only do his films entertain, they also challenge audiences to deal with difficult issues central to human existence.

These issues include love, social responsibility, defense of country and the preservation of one's cultural heritage. By embracing these universal themes, Mr. Kurosawa appeals to the values common to all people. His films, like music, communicate their messages to all audiences—transcending all national barriers.

Furthermore, Mr. Kurosawa's career is an example of how one man can make a difference in millions of people's lives despite personal diversity.

Born in Tokyo in 1910, the youngest of eight children, Kurosawa had the spirit and drive to follow his dream of filmmaking. After experiencing disappointments and difficulties, the young Kurosawa heeded his father's advice, persevering at his craft.

His dreams were eventually realized by the release of "Sugata Sanshiro" in 1943, the first film in a long series of films Kurosawa was to direct. Mr. Kurosawa's film "Rashomon," released in 1950, went on to win the Grand Prix at the 1951 Venice Film Festival and also to win the American Academy Award for Best Foreign Language Film.

These awards represent the pinnacle of success and excellence in American as well as international filmmaking.

Akira Kurosawa has contributed to the international film marketplace with culturally rich and powerfully moving works in the film medium; his works have deeply influenced Japanese-American relations and cultures over the span of 40 years; and his influence in international film and Japanese-American cultures will continue in the future with his ongoing projects.

Therefore, in recognition of all of the foregoing and in appreciation for his prodigious contribution to the realms of both film and intercultural relations, I ask the Senate to join with me to extend to Mr. Akira Kurosawa its recognition of his Lifetime Achievement Award accorded by the Nikkei Foundation for his sweeping influence in the motion picture medium.●

SUBMISSION OF COMMITTEE, RECONCILIATION RECOMMENDATIONS TO THE COMMITTEE ON THE BUDGET

Mr. GRAHAM. Mr. President, on behalf of the majority leader, I ask unanimous consent that the time by which Senate committees must submit their reconciliation recommendations to the Committee on the Budget pursuant to section 5 of the concurrent resolution on the budget, House Concurrent Resolution 106, be changed to 5 o'clock in the afternoon of Thursday, July 27.

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

FEDERAL REIMBURSEMENT OF LOCAL NOISE ABATEMENT FUNDS

Mr. GRAHAM. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 148, H.R. 968, an act to provide for the Federal reimbursement of local noise abatement funds.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 968) to provide for the Federal reimbursement of local noise abatement funds.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. FORD. Mr. President, the Noise Reduction Reimbursement Act of 1989 will provide relief to airports and surrounding communities who want to implement noise abatement projects. It will enable them to proceed, using their own funds, with a federally approved noise abatement program and will permit them to seek reimbursement later from the Federal Aviation Administration [FAA].

Under existing legislation, airports cannot start on even an approved project until the airport receives a grant from the FAA. Due to constraints in the amount and the timing of appropriations, grants are not issued as soon as a noise project is approved. Communities have to wait until the funding is available and the grant is awarded before any noise abatement work can begin.

This bill would permit airports to move quickly, commit their own funds and apply to the FAA for payback when funding is available. There is no guarantee of reimbursement, and only costs incurred after June 1, 1989, will be eligible.

The FAA favors this legislation, the airports welcome it, and I urge my colleagues to join with me in passing this important bill which help communities around the country deal with the problems of airport noise.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 968) was ordered to a third reading, was read the third time, and passed.

Mr. GRAHAM. Mr. President, I move to reconsider the vote by which the bill was passed.

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

The motion to lay on the table was agreed to.

DESIGNATION OF THE CORDELL BANK NATIONAL SANCTUARY

Mr. GRAHAM. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of House Joint Resolution 281, a joint resolution to approve the designation of the Cordell Bank National Sanctuary, now at the desk.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 281) to approve the designation of the Cordell Bank National Marine Sanctuary, to disapprove a term of that designation, to prohibit the exploration for, or the development or production of, oil, gas, or minerals in any area of that sanctuary, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

AMENDMENT NO. 398

(Purpose: To strike section 3 of the resolution)

Mr. GRAHAM. Mr. President, I send an amendment to the desk on behalf of Senator HOLLINGS.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Florida [Mr. GRAHAM], for Mr. HOLLINGS, proposes an amendment numbered 398.

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

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

The amendment is as follows:

Strike section 3.

Mr. HOLLINGS. Mr. President, I rise today to urge Senate passage of House Joint Resolution 281 to approve the designation of the Cordell Bank National Marine Sanctuary. In addition, I am offering an amendment to strike section 3 of the resolution which addresses oil and gas exploration off the coast of North Carolina.

The joint resolution approves the designation of the Cordell Bank National Marine Sanctuary as called for in title III of the Marine Protection, Research, and Sanctuaries Act. But it goes further. The resolution prohibits oil and gas exploration and development throughout the entire sanctuary. The designation submitted to Congress by the Secretary of Commerce called for a prohibition on oil and gas exploration in only 5 percent of the sanctuary.

My amendment will strike section 3 of the resolution. This section calls for the Department of the Interior to prepare an environmental impact statement before approving an OCS exploration plan for several tracts off the coast of North Carolina. I understand that this issue has been resolved as a result of an agreement between the State of North Carolina and the Minerals Management Service. Further, I understand that both of my colleagues from North Carolina are aware of this agreement and support deleting section 3.

Mr. President, I ask my colleagues to join me in supporting this important resolution, as amended.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina.

The amendment (No. 398) was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the joint resolution.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read a third time.

The PRESIDING OFFICER. The joint resolution having been read the third time, the question is, Shall the joint resolution pass?

So the joint resolution (H.J. Res. 281) was passed.

Mr. GRAHAM. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. WILSON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

COMMEMORATING THE 50TH ANNIVERSARY OF LITTLE LEAGUE BASEBALL

Mr. GRAHAM. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Joint Resolution 182, to commemorate the 50th anniversary of Little League baseball.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 182) to commemorate the 50th anniversary of Little League Baseball.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. DOLE. Mr. President, today I have introduced a joint resolution to commemorate the 50th anniversary of Little League baseball.

Founded in 1939 in Williamsport, PA, with three teams, Little League has expanded into an international organization with 140,000 teams in 33 countries. Thanks to Little League baseball, young people of many nations have the opportunity through sports to develop discipline, teamwork, and physical well-being, along with a

sense of citizenship. In fact, the Little League pledge reads, in part, "I will love my country and will respect its laws."

LAUNCHING THE "CHALLENGER DIVISION"

Through the years a number of special divisions, including little league softball for girls, have been launched which bring boys and girls, ages 6 through 18, onto the playing field and into the excitement of partcipating in a game. Now, that commitment to including all youth is being honored with the inauguration of the "Little League Challenger Division."

Dr. Creighton J. Hale, president and chief executive officer of Little League baseball, asked me to serve as chairman of a task force to develop a program for children and youth with physical and mental disabilities which restrict them from participating on conventional Little League teams. We brought together a group of talented and dedicated people to serve as an advisory committee, and I am pleased to announce that the "Challenge Division" Program will be available nationwide for the 1990 Little League season.

VOLUNTEERS ARE THE FOUNDATION

Community involvement and the hard work of 750,000 volunteers is vital to the success of Little League baseball. These people in many countries—coaches, managers, umpires, and district administrators—are the heart of the program. This anniversary commemorative is dedicated to those individuals throughout the world who care enough to save a portion of their time and energy every day and every week to lead young people onto the playing field.

I urge my colleagues to support this joint resolution honoring Little League baseball in recognition of 50 years of international progress and success.

The PRESIDING OFFICER. The joint resolution is before the Senate and open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, was read the third time, and passed.

The preamble was agreed to.

The joint resolution, with its preamble, reads as follows:

S.J. RES. 182

Whereas Little League Baseball has grown from a local organization to an organization that involves youth and community activities in 33 countries;

Whereas Little League Baseball has helped youngsters to develop citizenship and teamwork skills, and to ensure physical well-being;

Whereas Little League Baseball players is approximately 2,500,000;

Whereas Little League Baseball accommodates all young people, including those with disabilities; and

Whereas 750,000 volunteers participate in Little League Baseball: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That Little League Baseball is commended for 50 years of outstanding service to young people, and the President is authorized and requested to issue a proclamation acknowledging the 50th anniversary of Little League Baseball.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. GRAHAM. Mr. President, I ask unanimous consent that the Senate proceed to executive session to consider the following nominations:

Calendar 232, John D. Macomber to be President of the Export-Import Bank of the United States;

Calendar 233, Thomas D. Larson to be Administrator of the Federal Highway Administration;

Calendar 234. Edward C. Stringer to be General Counsel, Department of Education; and

Calendar 235. Roy M. Goodman to be a member of the National Council on the Arts.

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.

The nominations considered and confirmed en bloc are as follows:

EXPORT-IMPORT BANK OF THE UNITED STATES

John D. Macomber, of New York, to be President of the Export-Import Bank of the United States for a term of 4 years expiring January 20, 1993.

DEPARTMENT OF TRANSPORTATION

Thomas D. Larson, of Pennsylvania, to be Administrator of the Federal Highway Administration.

DEPARTMENT OF EDUCATION

Edward C. Stringer, of Minnesota, to be General Counsel, Department of Education.

NATIONAL FOUNDATION OF THE ARTS AND THE HUMANITIES

Roy M. Goodman, of New York, to be a member of the National Council on the arts for a term expiring September 3, 1994.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now resume legislative session.

APPOINTMENT BY THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The Chair, on behalf of the President pro tempore, pursuant to Public Law 100-297, appoints the following individuals to the National Commission on Migrant Education: the Senator from Mississippi [Mr. COCHRAN] and Ms. Carolyn Paseneaux, of Wyoming.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 93-642, appoints the Senator from Alabama [Mr. SHELBY] to be a member of the Harry S. Truman Scholarship Foundation Board of Trustees.

ORDERS FOR TUESDAY, JULY 25, 1989

RECESS UNTIL 9:30 A.M. AND MORNING BUSINESS

Mr. GRAHAM. Mr. President, on behalf of the majority leader, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9:30 a.m., Tuesday, July 25, and that, following the time for the two leaders, there be a period for morning business not to extend beyond 10 a.m. with Senators permitted to speak therein for up to 5 minutes each.

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

RESUME CONSIDERATION OF S. 1352 AT 10 A.M.

Mr. GRAHAM. Mr. President, I ask unanimous consent that at 10 a.m., Tuesday, July 25, the Senate resume consideration of Calendar No. 159, S. 1352, the Department of Defense authorization bill.

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

RECESS FROM 12:30 P.M. UNTIL 2:15 P.M.

Mr. GRAHAM. Mr. President, I further ask unanimous consent that the Senate stand in recess from 12:30 to 2:15 p.m. in order to accommodate the party conferences.

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

RECESS UNTIL 9:30 A.M., TUESDAY, JULY 25, 1989

Mr. GRAHAM. Mr. President, if the distinguished acting Republican leader has no further business.

Mr. WILSON. Mr. President, we have no further business.

Mr. GRAHAM. And if no Senator is seeking recognition, I now ask unanimous consent that the Senate stand in recess, under the previous order, until the hour of 9:30 a.m., Tuesday, July 25, 1989.

There being no objection, the Senate, at 7:06 p.m., recessed until Tuesday, July 25, 1989, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate July 24, 1989:

DEPARTMENT OF STATE

MARK GREGORY HAMBLEY, OF IDAHO, A FOREIGN SERVICE OFFICER OF CLASS ONE, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE STATE OF QATAR.

CHARLES WARREN HOSTLER, OF CALIFORNIA, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPO-

TENTIARY OF THE UNITED STATES OF AMERICA TO THE STATE OF BAHRAIN.

INTERNATIONAL JOINT COMMISSION, UNITED STATES AND CANADA

GORDON K. DURNIL, OF INDIANA, TO BE A COMMISSIONER ON THE PART OF THE UNITED STATES ON THE INTERNATIONAL JOINT COMMISSION, UNITED STATES AND CANADA, VICE ROBERT C. MCEWEN, RESIGNED.

DEPARTMENT OF JUSTICE

WAYNE A. BUDD, OF MASSACHUSETTS, TO BE UNITED STATES ATTORNEY FOR THE DISTRICT OF MASSACHUSETTS FOR THE TERM OF 4 YEARS, VICE FRANK L. MCNAMARA, JR.

DEPARTMENT OF ENERGY

VICTOR STELLO, JR., OF MARYLAND, TO BE AN ASSISTANT SECRETARY OF ENERGY (DEFENSE PROGRAMS), VICE SYLVESTER R. FOLEY, JR., RESIGNED.

ENVIRONMENTAL PROTECTION AGENCY

J. CLARENCE DAVIES, OF MARYLAND, TO BE AN ASSISTANT ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY, VICE LINDA J. FISHER, RESIGNED.

NUCLEAR REGULATORY COMMISSION

DAVID C. WILLIAMS, OF ILLINOIS, TO BE INSPECTOR GENERAL, NUCLEAR REGULATORY COMMISSION, (NEW POSITION).

IN THE ARMY

THE FOLLOWING-NAMED OFFICER TO BE PLACED ON THE RETIRED LIST IN GRADE INDICATED UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1370:

To be lieutenant general

LT. GEN. JOHN S. CROSBY, [redacted] U.S. ARMY.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED, UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 601(A), IN CONJUNCTION WITH ASSIGNMENT TO A POSITION OF IMPORTANCE AND RESPONSIBILITY DESIGNATED BY THE PRESIDENT UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. GEORGE A. JOULWAN, [redacted] U.S. ARMY.

THE U.S. ARMY NATIONAL GUARD OFFICER NAMED HEREIN FOR APPOINTMENT IN THE GRADE INDICATED BELOW, UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTIONS 593(A), 3385 AND 3392:

To be major general of the line

MAJ. GEN. JOSEPH J. SKAFF, [redacted]

THE FOLLOWING-NAMED ARMY JUDGE ADVOCATE GENERAL'S CORPS OFFICERS FOR APPOINTMENT IN THE REGULAR ARMY OF THE UNITED STATES TO THE GRADE INDICATED UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTIONS 611(A) AND 624(C):

To be permanent brigadier general

COL. JOHN R. BOZEMAN, [redacted] U.S. ARMY.
COL. THOMAS M. CREAN, [redacted] U.S. ARMY.
COL. KENNETH D. GRAY [redacted] U.S. ARMY.

IN THE MARINE CORPS

THE FOLLOWING-NAMED OFFICER TO BE PLACED ON THE RETIRED LIST IN THE GRADE OF LIEUTENANT GENERAL UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1370:

To be lieutenant general

JOHN I. HUDSON, [redacted] 9903 U.S. MARINE CORPS.

THE FOLLOWING-NAMED OFFICER TO BE PLACED ON THE RETIRED LIST IN THE GRADE OF LIEUTENANT GENERAL UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTIONS 688 AND 1370:

To be lieutenant general

STEPHEN G. OLMSTEAD, [redacted] 9903 U.S. MARINE CORPS.

IN THE NAVY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF ADMIRAL ON THE RETIRED LIST PURSUANT TO THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1370:

To be admiral

ADM. WILLIAM J. CROWE, JR., [redacted] U.S. NAVY.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 24, 1989:

DEPARTMENT OF TRANSPORTATION

THOMAS D. LARSON, OF PENNSYLVANIA, TO BE ADMINISTRATOR OF THE FEDERAL HIGHWAY ADMINISTRATION.

DEPARTMENT OF EDUCATION

EDWARD C. STRINGER, OF MINNESOTA, TO BE GENERAL COUNSEL, DEPARTMENT OF EDUCATION.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

ROY M. GOODMAN, OF NEW YORK, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE ARTS FOR A TERM EXPIRING SEPTEMBER 3, 1994.

EXPORT-IMPORT BANK OF THE UNITED STATES

JOHN D. MACOMBER, OF NEW YORK, TO BE PRESIDENT OF THE EXPORT-IMPORT BANK OF THE UNITED STATES FOR A TERM OF 4 YEARS EXPIRING JANUARY 20, 1993.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

EXTENSIONS OF REMARKS

ANOTHER EXAMPLE OF THE BENEFITS OF EMPLOYEE OWNERSHIP

HON. DANA ROHRABACHER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. ROHRABACHER. Mr. Speaker, as America searches for more effective ways to promote productivity, we should look to the over 9,000 privately owned companies that have already transferred stock to employees, through the use of employee stock ownership plans [ESOP's]. ESOP's are beneficial for business perpetuation, employee motivation and compensation, and productivity. More importantly, ESOP's allow workers to share in the profitability of the companies that they work for.

The following story about the Kilsby-Roberts Co. in Brea, CA, appeared in the steel industry's leading magazine, Metal Center News. The article demonstrates how important the ESOP program was to the success of the company. In fact, the ESOP is credited with helping double sales and profitability in only 5 years. Kilsby-Roberts is just one of many ESOP companies that are deriving the positive results of employee ownership. ESOP's are quickly becoming the financing tool of the future; is there any wonder why?

KILSBY-ROBERTS: WRITING A FAIRY-TALE ENDING WITH ESOP

(By Martin Farricker)

What pushes a salesman into making the extra effort to land a new account? And what drives a plant employee to finish just one more job before leaving for the day? Salary can motivate workers to a certain degree. But it's having ownership in the company that really does the trick.

Kilsby-Roberts, Brea, Calif., is one service center that relies on an employee stock-ownership plan (ESOP) to give employees something to strive for in the long haul. "Because, in 1984, the domestic steel industry was not experiencing its best year, we had to come up with ways to motivate our people to get their productivity up," says Kilsby-Roberts president Neven Hulsey. "We knew that the ESOP, used as a retirement plan, was a real good vehicle because it lets the employees share in the success of the company."

So far, the strategy is working, he says. Since Kilsby-Roberts, a leading distributor of tubing and specialty bar, began giving its workers what Hulsey calls a piece of the rock, productivity, based on the employee-to-sales ratio, has increased 83%. In addition, sales have increased 87% and profits have more than doubled. And the improvement should be long-term, since the stock can only be distributed either after retirement or when the participating employee leaves after a certain amount of time on the job.

Hulsey concedes that other internal improvements—like a state-of-the-art management information system (MIS) and upgraded cutting and handling equipment—have helped bolster productivity and promote the company's growth in the United States and abroad. He emphasizes, however, that the improved worker motivation has been the biggest factor in the company's success.

The ESOP also came in handy when Kilsby-Robert spun itself off from its parent firm, Fluor Corp., Irvine, Calif. By adopting the plan shortly after buying their company, Hulsey and a group of Kilsby-Roberts senior managers were able to take advantage of federal tax laws, which allowed them to repay money borrowed for the buy-out with pre-tax earnings and made their financial arrangement workable.

(The managers joining Hulsey in the buy-out included: George Von Arx, executive vice president; Graham ["Bud"] Kilsby, senior vice president of administration; William E. Dale, chief financial officer; Bobby Weekes, vice president, southern region; E. H. ["Skip"] Rasmussen, vice president, midwest region; William J. Shaw, vice president, purchasing; Frank W. Shields, vice president, western region; and John W. Ruck, manager of corporate planning.)

TAKING STOCK OF OWNERSHIP

Through the ESOP, Hulsey reports, employees now own 45% of the company, and since there are no outside investors, they will eventually own 100%.

Each year, the firm takes an amount ranging from 10% to 25% of eligible employees' remuneration, including salary and incentives, and invests it for them primarily in Kilsby-Roberts stock. The board of directors votes annually on what the percentage should be, depending on company performance; currently, the full 25% is being contributed by the company.

Every quarter, the employee receives a certificate indicating the company's quarterly estimated contribution, as well as the total number of shares accrued in his or her account.

When Kilsby-Roberts first introduced the ESOP, employee enthusiasm for the plan was not particularly high. The employees, executive vice president Von Arx says, didn't really appreciate what it meant to be owners and didn't fully recognize the value of receiving stock as a retirement benefit. But when the shares began to build and workers saw their accounts growing, they started to respond.

"As word about the monetary benefits got around, the staff started recognizing some real value in the program," says Von Arx. "People were retiring with significant stock payouts, and the current employees began developing a real interest in the value of the stock. Now some of the workers even have betting pools on what the stock's value will be when it is assessed by an outside appraiser after the year-end statements are audited." At the beginning of fiscal 1984, each share was worth one dollar; by October, 1988, it had grown to $20.22. The average stock ownership account is now nearly $40,000.

"With this kind of employee attitude," Hulsey adds, "the company should be able to reach its next objective: doubling sales and profits again within the next five years." With 698 employees in 23 operating locations in the United States and one in Clay Cross, England—plus a honing center in Tulsa, Okla.—Kilsby-Roberts plans to expand its marketing territories both here and abroad. The firm inventories carbon and alloy steel, stainless steel aluminum, and cast-iron tubing and specialty bars in more than 10,000 sizes, shapes, and grades. Customers include manufacturers of fluid-power equipment, aerospace and aircraft products, construction and off-road machinery, automotive and truck parts, oil tools, and agricultural machinery. The firm is anticipating some softening in construction markets, but expects growth in the aerospace and aircraft, fluid-power, and agricultural industries that will more than make up for the shortfall.

Kilsby-Roberts's ESOP has been so successful that it has served as a model for other companies using ESOPs to boost their productivity. Kilsby-Roberts, in fact, is cited by the national ESOP Association, Washington, D.C., as an excellent example of an ESOP at work.

The company makes all contributions to its ESOP at the end of each fiscal year. To qualify as a participant in the plan for a given year, an employee must have completed at least 1,000 hours of service, and must have worked on the last day of the fiscal year. Only vested employees—those who have completed three years of credited service (beyond the 1,000-hour work requirement)—are eligible to receive stock. At the end of the third year of employment, an employee is 20% vested; for each subsequent year, vesting increases 20%, so that at the end of seven years, the employee is fully vested. Employees also become fully vested if they become permanently disabled, die (in which case a designated beneficiary receives the stock), or retire at age 55 or later with five years of service.

Contributions to the plan are invested by a trustee (Trust Services of America) in accordance with the directives of the company's ESOP Committee. The trustee currently puts most of the plan's assets into company stock, but can invest in other financial instruments that the committee has approved.

OTHER IMPROVEMENTS

Although the employee ownership has been the primary catalyst behind Kilsby-Robert's impressive financial strides, other factors have contributed.

"Profitability," explains, Hulsey, "has come not only from greater employee productivity, but from improved facilities and equipment." Kilsby-Roberts constantly upgrades its service centers. Last year, the firm spent almost $2 million on capital improvements, adding new handling equipment, such as Raymond sideloaders and custom racking systems. It has improved its cutting machinery deburring equipment, and high-speed cutoff machines at various facilities.

This summer, the firm is installing a new IBM mainframe computer that will enhance the company's information-processing capa-

bilities while holding down costs. Currently, Kilsby-Roberts is leasing time from a computer service company. "By *owning* the computer," says Von Arx, "we will be able to double our information-processing volume by 1994 without spending any more than it would cost us to continue leasing computer time from an outside firm at our current sales level."

The company has already gotten a lot of mileage out of using computers. Samuel Hibben, marketing services manager says that "although we doubled our sales since 1984, we've only had to increase our total assets by a little more than 40%, thanks to the company's sophisticated MIS systems."

Kilsby-Roberts is among the handful of service centers providing electronic data interchange (EDI). Through EDI, customers can access Kilsby-Robert's system with their own PC's or mainframe units to review the service center's broad inventory or check to see if a particular product is available. Products are generally cut to length, but the company can often provide products in mill random sizes, partially machined, or as completely finished components ready for assembly. If the customer doesn't have its own computer, Kilsby-Roberts will provide that company with a terminal.

Von Arx expects EDI to replace much of the cumbersome paperwork of the current customer communication process. However, "we're not going to jam EDI down our customers' throats," he explains. "Instead, we'll give the customer exactly the kind of communication system he wants—whether it's electronic or on paper."

Kilsby-Roberts goes to great lengths to supply its customers with technical support in selecting products. Hulsey claims that Kilsby-Roberts is the only tubing and specialty bar distributor with its own full-time staff of metallurgists. They help customers choose the best alloy and grade of metal for a particular application, and suggest various heat-treating, machining, and fabrication services that can be performed by outside firms.

The company also offers technical literature, quality-assurance manuals, and special cost-cutting programs to help customers reduce purchasing, administrative, and inventory expenses. These kinds of support services, Hulsey maintains, have helped set the firm apart in established markets and gain acceptance in new markets.

MANIFEST DESTINY?

In 1986 the company kicked off a major expansion policy. It had paid off a large portion of its debt, was enjoying a strong financial performance, and saw an opportunity to consolidate its position as a national distributor. The acquisitions, all of which took place in '86, included a Frasse-Bassett Inc. plant in Twinsburg, Ohio; a Ducommon Metals facility in Tulsa, Okla.; and A. B. Murray Co., a service center headquartered in Philadelphia, which is now operated as a wholly owned subsidiary. That year, the company also opened a tube-cutting and end-finishing center in Indianapolis.

Of all these purchases, the Tulsa acquisition was the most important: it has boosted the company's presence in Oklahoma, Arkansas, Kansas, and Missouri, as well as improved service nationwide by allowing easier interbranch transfer of more than 1,100 tons of material every month.

Although it opened a new domestic center, in Wallingford, Conn., just last month, Kilsby-Roberts is turning more of its attention to foreign markets. Since 1986, the company has serviced Great Britain, as well as other selected countries in Western Europe, through its facility in Clay Cross, England. And now, with the Free Trade Agreement (FTA) between the U.S. and Canada in effect, Kilsby-Roberts is studying its opportunities north of the border. "We wanted to expand into Canada with or without the FTA," says Von Arx, "but we anticipated ratification of the agreement, so it's a natural progression for us to go ahead with our plans of doing business there."

Hibben notes that the firm is also targeting developing nations. The weak U.S. dollar, he says, is encouraging those nations to buy from U.S. distributors. One region that is particularly attractive, he adds, is the Pacific Rim. "There are five or six countries in the Far East with enormous [buying] potential."

Hulsey, Von Arx, and the rest of the Kilsby-Roberts management are still formulating the best means of approaching those markets, whether it's by opening facilities there or finding partners already established in those areas. They know that the company has a way to go before it can be effective selling in the Far East.

"We're trying to learn more about how they do business," says Von Arx. "The etiquette of doing business in the Orient is almost a 180-degree turnaround from the U.S. This is true even of European countries, since there are a number of things that businesspeople do here that would be considered insulting over there. That's why we're not just going to run in and start setting up shop without carefully doing our homework."

And if its success with ESOP is any indication, when the company does its homework, it tends to get high grades.

DESECRATION OF THE FLAG

HON. DONALD E. "BUZ" LUKENS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. DONALD E. "BUZ" LUKENS. Mr. Speaker, I rise today to once again address the issue of the desecration of our flag. The recent decision of the Supreme Court protecting the burning of the flag under the first amendment has aroused the ire of many across the Nation. It is our duty as elected representatives to hear the cry of our constituents and translate those cries into legislation.

Too often the people of the United States are accused of taking their freedoms for granted, yet when our freedoms are threatened in any way, Americans fervently strike back. Take, for example another threat to our freedom in history. In 1941, a surprise Japanese attack at Pearl Harbor served as a rallying cry for the entire Nation. Subsequently the United States quickly became a mobilized war machine like none ever witnessed before. Hundreds of thousands of Americans gave their lives in the defense of all the flag represents. We must not turn our back on these brave individuals.

I submit for the RECORD today an article by John E. Dolibois, former United States Ambassador to Luxembourg. Mr. Dolibois is a naturalized American and feels a remarkable devotion to his adopted land. His feelings expressed in this article exemplify the feelings expressed by my constituents, and by citizens across the United States.

Mr. Dolibois' recantation of personal experience is a moving testimony to the loyalty of so many to the flag and the Nation it represents. All over the world the flag represents a nation, an ideal, not just a cloth banner. We must protect the symbol of that ideal. I cannot strongly enough stress the importance of protecting Old Glory, and I shall fully support any action this body puts forward to achieve that end:

THE FLAG REPRESENTS EVERYTHING

(By John E. Dolibois)

According to your lead editorial on June 27, Justice William Brennan puts the Supreme Court's flag-burning decision "into constitutional perspective." An American principle was at stake. So the desecration of our flag has to be permitted. The justice pointed out that the Stars and Stripes "is only one of many symbolic representations revered by Americans." Like the hood ornament on a Cadillac, or the hotdog at a baseball game?

I'm a naturalized American. To me the American flag represents everything my adopted country stands for. It's a "symbol," yes, but a very, unique one. When my flag is desecrated, I take offense. So I wish the court's ruling could be explained in more than legalistic mumbo-jumbo. You see, I'm confused. Does the Supreme Court's ruling apply only to flag-burning, or can a protester also walk on it, tear it to shreds, even urinate on it? (Don't be surprised when some punk somewhere will do just that real soon.)

MEANINGLESS PLEDGE?

What about the Pledge of Allegiance "to the flag of the United States of America, and to the Republic for which it stands"? In light of this high-falutin decision, does that pledge still have meaning? Was Michael Dukakis right after all? And isn't it somewhat incongruous to teach our children to stand in respect, to doff their caps or hats, when the flag is passing by? Put your hand over your heart when you hear The Star-Spangled Banner, but any time you disapprove of the president of the United States' coming to town, you can burn it.

I continue to be confused. Did I serve four years in the U.S. Army during World War II to guarantee some unwashed maggot the right to desecrate the flag "which is constant in expressing the beliefs Americans share"? Justice Kennedy says, "It is poignant but fundamental that the flag protects those who hold it in contempt." Hogwash! In Nazi Germany the Jew-baiter Julius Streicher found justification for his vicious anti-Semitism in the Bible. He quoted it constantly, asserting it was his God-given right to burn books and abuse the Jewish people. The Holocaust was "legal" too, if you obeyed Nazi laws. My point is that if you look deep enough you can find a rationale for all kinds of stupidities in the First Amendment, the Constitution, the Bible.

Five powerful supermen have nullified the flag-desecration laws of 48 states. I suppose "legally" they are right as always. But what ever happened to common sense? I think we should let the American people decide. I support the idea of a constitutional amendment to forbid flag desecration even through it is denounced by civil-liberties groups. (So what else is new?) And don't bother to ask directors of flag institutes in Britain or West Germany what they think about it. This matter concerns the Ameri-

can, flag, not theirs. But if anyone is interested in how some Europeans feel about the American flag, let me share an observation and experience with you.

My native country, the Grand Duchy of Luxembourg, was twice invaded by the German army, in two Worlds Wars. In the course of both wars. Americans liberated Luxembourg, restoring to its people their freedom and the sovereignty of their country. Luxenbourgers have never forgotten. On our Memorial Day each year, they decorate the graves of 5,074 Americans buried in the American Military Cemetery not far from the capital city. They place fresh flowers and a small American flag at each white marble cross or Star of David. If anyone were to mess with these flags as a "form of political expression," he would be dealt with promptly, legally.

I was in Luxembourg when the 40th anniversary of its liberation and the end of the Second World War were celebrated. On one occasion I met an elderly lady who had suffered through both wars and two dreadful occupations. She recalled that when General Pershing and his U.S. troops drove the Germans out of her country in 1918, American flags were waving from almost every house in the city and the countryside. All through the German occupation in World War II, Mrs. Madeline Fishbach was confident that American soldiers would again liberate Luxembourg, and when they came she would have the Stars and Stripes hanging in front of her house.

DEFYING THE NAZIS

But the Nazis did not permit the possession of flags other than their own swastika. Violators of this law were sent to concentration camps or even sentenced to death. Nevertheless, Madame Fischbach secretly made an American flag. And when the U.S. 5th Armored Division roared into Luxembourg on Sept. 10, 1944, her hand-made American flag was fluttering proudly in front of her home.

The dear old lady gave me that flag. It is now 45 years old and is one of my most cherished mementos. I'm sure Madame Fischbach would not understand the action of the Supreme Court of the United States of America. I know I don't. Yes, I'm a patriot. And proud of it. I believe in the First Amendment too. But the flag-burning decision by our highest court is going too far and something must be done about it. Meanwhile, an American flag is flying in front of our house every day, "from the dawn's early light to the twilight's last gleaming." And nobody had better try to burn it or tear it down.

THE DOLLARS AND SENSE OF MILITARY RETIREMENT

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. DORNAN of California. Mr. Speaker, legislation I have introduced to correct some iniquities in the Spouse Protection Act has raised a number of questions concerning military "retirement." "The Dollars and Sense of Military Retirement" written by Lt. Gen. Edgar A. Chavarrie published in the May 1985 Defense magazine is an excellent piece which clearly explains the military retirement system. I encourage those who would like to learn more on the subject of military retirement to read this fine article.

THE DOLLARS AND SENSE OF MILITARY RETIREMENT

(By Lt. Gen. Edgar A. Chavarrie, USAF)

The military retirement system helps keep our forces vital. As one of our major manpower management tools, it ensures that a smooth promotion flow continues; it operates to keep the force young with the skill and experience mix we need; and it forms an integral part of the military compensation system. In sum, the retirement system exists for one purpose and one purpose only—to help us meet the national defense requirement with a ready force during both peace and combat.

Drawing comparisons between the military retirement system and other retirement programs is not an easy task because of a very important fact—the military retirement system is not an old-age pension plan as are other systems. It is not designed or intended to fulfill an old-age income maintenance function. It does not offer any capital accumulation features. It does not provide any deferred income provisions. It does not offer any thrift plan features, nor does it have any matching saving supplemental plans. In short, the military system doesn't look anything like a normal retirement plan—for a very good reason. It isn't one.

What is it then? The Navy retirement statutes use a term that perhaps describes it best—retainer pay. In effect, that is what the military system is. It allows us to retain people—to form a ready pool of talent that is accessible.

Right now, our contingency mobilization plans include the recall to active duty of between 22 to 86 percent of the retired force, depending on the service. Many thousands already have their recall orders in hand should it become necessary.

Further, retirees retain their military status until they die. We can call them up when necessary, we keep them under the Uniform Code of Military Justice, we place retrictions on what they can do and what kind of work they can perform after leaving active service. When leaving active service after 20 years or because of a disability, they can receive retired pay that the Supreme Court has characterized as "reduced pay for reduced levels of military service."

Underlying this is still the basic principle of the military retirement system—to meet our active force requirement and support the national defense function. No other retirement system, public or private, faces such a unique requirement. I want to report that today's system has meet that requirement and met it well.

If it does work well, why do we hear criticism and calls for major reform? Perhaps because there is failure to understand that the military retirement system must serve four masters: It must serve national defense policy; it must serve active force requirements; it must serve as a compensation element; and, importantly, it must serve the men and women who are contributing their lives to the nation's defense. No other retirement system serves such a multiplicity of purposes. My summation is that critics fail to draw a distinction between the system itself and the costs generated by that system.

In a very real sense, costs drive change or at least focus our attention. On Oct. 1, 1984, the military retirement system moved to an accrual accounting technique to focus on future retirement costs resulting from today's active force policy decisions. Prior to that, military retired pay was on a pay-as-you-go basis. Annual appropriations for the Defense budget were included as a line item for retired pay obligations. On Oct. 1, 1984, that changed. The Military Retirement Trust Fund was established at Treasury in the income security rather than defense function. It is from this trust fund that we now pay our retired members. For fiscal 1986, we will pay $18.3 billion to members. There is no difference in the checks—they are still issued by the individual finance centers, and individual accounts are still maintained there. However, the payouts came from the trust fund rather than a Defense account.

This new fund gets its assets from three sources: the Department of Defense, the Department of Treasury, and investments. Let me discuss the funding technique briefly.

Each year, DoD must now include an amount in the budget that represents the future value of future retirement benefits resulting from today's active service. The amount is determined actuarially and represents the normal cost percentage of active duty basic pay that would have to be set aside to pay for future retired pay outlays. This amount is included in the budget as a line item, monies are appropriated to DoD in that amount, and then transferred from DoD to the trust fund in the Treasury. For fiscal 1986, that amount is $18.2 billion. Identifying this amount forces DoD managers to be aware of how a policy change in active force management—retention rates, promotion rates, pay raises, and the like—will impact on future retirement costs. The transfer from DoD is the first source of revenue for the fund.

The second source is a transfer from the general funds of the Treasury into the Military Retirement Fund. This amount is also determined actuarially and represents the unfunded liability of the retirement system—the amount that would be necessary to pay off retired pay resulting from all past active service. The total unfunded liability, about $600 billion, is being amortized over 75 years. For fiscal 1986, $10 billion will be transferred to the fund to amortize part of the unfunded liability.

The third source of fund assets is investment income. We can invest a portion of the fund in public securities. The income from the investments also goes into the fund.

This accrual accounting technique has some interesting cost features in relation to changes in the retirement system. You hear a lot of emphasis on the deficit and how to reduce it. Under the accrual accounting system, the only aspect that affects today's deficit is the outlay to today's retired members—the actual payouts from the fund. Any prospective changes to the system with grandfather features will change DoD's contribution to the fund, but will not affect the deficit at all. The unfunded liability and the outlay to retirees in the near term would not change. Deficit change will only occur if there is a change in what the government is actually paying out. The recent delays, limitations, and change to the cost-of-living adjustment mechanism lowered the deficit because they changed what was actually being paid out by the government from the fund.

These changes in funding and budgeting for the retirement system have caused a better awareness of where we are, where we are going, and where we have been. For instance, we know that over the past 30 years, the growth in the size of the retirement

population has caused only 19 percent of the growth in outlays. In the mid-1950s, it became national policy to maintain a large standing force of about 2 million. That decision is now being reflected in the size of the retired population. We have 1.4 million people receiving payments from the fund and expect it to level out at 1.6 million and stabilize. This means that unlike many other federal programs, the military retirement system is maturing. The number of new eligibles for retired pay is not expanding. You don't find that happening in other systems. That stabilization means that the growth in outlays resulting from population growth will also stabilize.

We also know that over the past 30 years, inflation has caused 55 percent of the growth in outlays. However, that growth rate is also being better controlled as we move into a period of greater economic stability. Together, a stable population and controlled or lowered inflation have minimized the effect of retired pay outlays as a deficit growth issue.

Today's retirement system is working well in response to our national security objectives. It allows us to manage the force in response to service requirements and provide a combat-ready capability. We have long held that any change to the system must be based on legitimate defense needs—the ramifications for the future are simply too important to ignore.

Secondly, straight-line comparisons to other retirement systems must be approached with caution. No other retirement system, public or private, has the same requirements as does the military system. Not even foreign military systems serve the same national purposes as does that of the United States. Unless there is a commonality of purpose and requirement, any comparison simply becomes one of form and structure, not of substance.

Thirdly, costs of the retirement system are part of national economic facts that must be faced, as are the costs of any system. We are doing that through actual accounting. We must now weigh the effects of active force policy decisions against the future resulting costs. We also know that the maturity of our system, coupled with better economic conditions, will stabilize retired pay outlay growth.

Mr. Speaker, I would also like to insert into the RECORD a letter to Secretary Cheney from the Non Commissioned Officer's Association. This letter addresses yet another aspect of military retirement and one that is directly affected by the Spouse Protection Act.

JUNE 27, 1989.

Hon. RICHARD CHENEY,
Secretary of Defense, Room 3E880, The Pentagon, Washington, DC.

DEAR MR. SECRETARY: The Non Commissioned Officers Association of the USA (NCOA) has been in contention with the Department (DoD) over its interpretation of certain provisions in the Former Spouses' Protection Act (FSPA), 10 U.S.C. 1408.

In the Association's letter of December 1, 1988, to your immediate predecessor, NCOA admonished DoD for its failure to implement certain measures in the FSPA to protect servicemembers, particularly retired military personnel, from state court orders that only appear regular on the face. (See DoD Directive 1340.16, Encl. 3, para. G3.) NCOA contends that the language of that paragraph not only conflicts with para. C.6.a., Encl. 3, but violates the legislative intent and provisions of 10 U.S.C. 1408(b), (c)(4), and (d)(1).

The Department's Office of the Comptroller responded to the NCOA letter on January 31, 1989. However, the explanation provided fails to convince the Association that the DoD directive complies with the FSPA. Further, NCOA believes that DoD's denial that it has no authority under the FSPA "to validate or to overrule court orders, as suggested by NCOA," is no more than an attempt to evade responsibility.

The recent U.S. Supreme Court opinion, in the case of *Mansell v. Mansell*, has given the Association new cause to revitalize its efforts to gain fair and equitable consideration for certain servicemembers who may be affected by state court orders that are in violation of the FSPA.

The opinion, delivered by Justice Marshall, expressed the intent of 10 U.S.C. 1408 (c)(4) as a prevention against forum shopping by a former spouse. Its footnote reemphasized the restriction of the law placed, on state courts not to treat disposable retirement pay as community property unless it has jurisdiction over the military member. (See *Mansell v. Mansell*, 87-201-OPINION, 9.)

This alone, should be sufficient to cause DoD to amend its policy of accepting certain state court orders that fail to express jurisdictional authority over the servicemember. If not this, then cause the military finance centers to direct applicants to certify, under penalty of law, that the court in question does or did have jurisdictional authority. At least, the latter would be some attempt by the Department to champion the statutory rights of retired servicemembers.

In the second paragraph of this letter NCOA cites the contradictory language between paragraphs C.6.a. and G.3. of Encl. 3 of the DoD Directive. C.6.a. defines the conditions to be met by a court order providing for the division of retired pay as property. "The court *must* have jurisdiction over the member, etc." Here, the action word is "*must*", and not "*appears*" as stated in paragraph G.3.—

"If a court order on its face *appears* to conform to the law of the jurisdiction from which it was issued, *the designated agent will not be required to ascertain whether the court had obtained personal jurisdiction over the member.*"

Paragraph G.3., then, is also a contravention of the applicable provisions of 10 U.S.C. 1408 (b), (c)(4), and (d)(1). The latter subsection directs "the Secretary concerned" to make payments but only "*after effective service.*" "Effective service," according to subsection (b) and (c)(4), is clearly defined as a court order "regular on its face if the order is issued by a court of competent jurisdiction", which is a court that has jurisdiction over the member by reason of residence, domicile, or consent. There is nothing in the FSPA that even suggests that a court order that only "appears" regular on its face must be honored by the Secretary concerned.

The jurisdictional question is further clarified in the Congressional Research Service Report to Congress, 89-187F, "Military Benefits for Former Spouses: Legislation and Policy Issues," p. 17. "Finally, it reads, "the Protection Act does not allow a court to consider military retired pay in a divorce—related property settlement unless the court has jurisdiction over the service member . . ."

It may be of some persuasion to learn that an Association representative, an officer and director of NCOA, was one of a concerned group of organizational executives, in the absence of any DoD effort, to approach the late Representative Bill Nichols, Member of Congress. In July 1982, the group urged him to offer some protective provisions for servicemembers in the proposed FSPA, as originally introduced on July 15, 1982, by Representative Patricia Schroeder, also a Member of Congress. Mr. Nichols amended Mrs. Schroeder's proposal on July 27, 1982, and parts of his amendment became the language of certain provisions that still exist in the FSPA today. They are 10 U.S.C. 1408(b)(1)(D), (c)(4), and (d)(2).

In defending his amendment, Mr. Nichols explained on the floor of the House of Representatives that he was forced to offer the changes to Mrs. Schroeder's proposal as "a last ditch effort to provide the minimum prudent safeguards needed to preclude the pendulum swinging too far (in favor of former spouses)." Later he expressed serious concern for the lack of "critical safeguards" to protect the servicemember, then proceeded to explain that one of his amendments would "limit the applicability of the provisions to states in which the member is domiciled, to states in which the member was married, to states where he resides other than because of military orders, or in states which he consents to the jurisdiction of the court." (CONGRESSIONAL RECORD, July 18, 1982, pp. H4726-H4734).

Subsequently, in debating the Nichols' amendment, Mr. Mitchell, Member of Congress from New York, emphasized the need to provide equity in the proposal. "Even though the scales have been balanced unfairly on one side for many, many years," he said, "I do not feel we should imbalance them on the other side in an attempt to remedy the situation. I think we must also provide equity for the member of the service."

Lastly, NCOA again reviewed the GAO Report cited in the DoD letter of January 31, 1989. The publication, "Implementation of the Uniformed Services Former Spouses' Protection Act" (GAO/NSIAD-85-4, Oct. 24, 1984) contains but minute reference to the subject matter. It does, however, reempathize that the FSPA is "subject to prescribed limitations" in two separate instances (pp. 1 and 6).

Its' interpretation of what constitutes "court jurisdiction" (CHAPTER 2, first paragraph, p. 6) does not concur either with the intent nor meaning of 10 U.S.C. 1408(c)(4). Both are considerably much more than just "the court has personal jurisdiction over the military member for reasons other than his military assignment." (Also see CONGRESSIONAL RECORD, July 28, 1982, pp. H4726 [Mr. Nichols' amendment; proposed section 1408(c)(4)] and H4729 [Mr. Nichols' explanation of that proposed section].)

One positive statement can be extracted from the GAO report that supports NCOA's objection to the language of paragraph G.3, encl. (3), of DoD Directive 1340.16. It declares, without equivocation, that "lacking the required documentation to show that the courts had personal jurisdiction of the member is cause to reject an application."

Now, comes the final step—to determine who has the responsibility to reject an application or, at least, hold an application in abeyance awaiting certification or clarification of jurisdiction. DoD's letter of January 31, 1989, claims the Department doesn't have this authority. The question, then, is who or what does have the responsibility to

enforce all of the provisions of FSPA, not just those that DoD chooses to honor?

NCOA believes that DoD is responsible, otherwise why has the Department assumed the statutory power given to "the Secretary concerned," as defined in 10 U.S.C. 101 and appointed in 10 U.S.C. 1408? DoD's assumption squarely places it in the position of insuring that state court orders are in compliance with the law. If not true, then DoD should relinquish that assumption and return the authority to the Secretaries of the military department. Nowhere in 10 U.S.C. 1408 does it place the responsibility on the servicemember to challenge an invalid court order.

Further, in the GAO report, referenced above, there is no other allusion but one suggesting that an affected member must seek relief from a court order. (See second paragraph, last sentence, p. 13 of the report.) It has nothing to do with the question of jurisdiction.

Finally, in a colloquy between Mrs. Schroeder and Mr. Nichols (see Congressional Report, July 28, 1982, p. H4733), it is obvious that the legislative intent was to place the burden on the spouse and DoD to affix the servicemember's jursidictional location. This exchange is quoted below.

"Mr. NICHOLS. Ordinarily, the place where the service member enlisted in the service is his or her domicile. The service member can, by an affirmative action, change his or her domicile with the military finance center.

Mrs. SCHROEDER. Would you agree that the Pentagon would tell a spouse what the current domicile of his or her spouse is so that he or she could bring action in the appropriate court?

Mr. NICHOLS. Oh, yes. I think that suggestion makes sense."

It is obvious that neither the law nor those legislators playing a major role in the final adoption of the FSPA, nor the Supreme Court's opinion intended to leave the responsibility to the defendant servicemember to challenge a court order when a jurisdictional question came into play. The suggestion by the Department of Defense to the courtesy is simply absurd. It only lends credence to the supposition that DoD is neither a promoter, a protector, nor a champion for its military personnel. Unlike the military departments, it certainly fails to "take care of the troops."

In your statement before the House Armed Services Committee, April 25, 1989, you spoke of people as taking precedence over all other defense programs. "The readiness and well-being of our uniformed personnel continues to be my highest priority," was your testimonial. Hopefully, that well-being extends to those who have served, who continue to be counted as mobilization assets, and who have no other governmental defender than the Department of Defense and/or the military department from which they have retired.

Some federal agency must take the responsibility for enforcing the provisions of the FSPA. If not DoD or the military departments, then who?

Anxiously awaiting your earliest response, I am,

Sincerely,

C.R. JACKSON,
Executive Vice President.

MEDICARE CATASTROPHIC COVERAGE ACT: AGREEMENT ON THE BENEFITS

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. STARK. Mr. Speaker, it is an understatement to say that there is a great deal of controversy about the financing of the new Medicare law.

Some are talking about repealing it or delaying it.

Do the Members really want to go on record for repealing 1 billion dollars' worth of long-term care benefits? For repealing the expansion to 150 days of skilled nursing home care? For repealing the expansion of home nursing care? For repealing the unlimited hospice benefit? For repealing the beginning of a respite care benefit?

I guarantee that a vote to repeal these benefits is one that will come back to haunt many Members.

Some Members have supported repeal of the prescription drug benefit because they say it s too expensive. Great logic. If it is too expensive for the Federal Government to help provide insurance for, then they say let's surrender and let each individual senior try to cope with the catastrophic costs of drugs—drugs which can cost over $10,000 a year per person.

As we grope for a way to pay for these important benefits, I think Members should think long and hard about the consequences of voting to repeal these important improvements in Medicare.

MULTILATERAL SANCTIONS AGAINST SOUTH AFRICA

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. WOLPE. Mr. Speaker, I am submitting a concurrent resolution similar to that introduced in the other body. This resolution is a sense of Congress calling on the United States to ask industrial democracies and other trading partners of South Africa to join in the sanctions that the United States has implemented against South Africa. According to a recent General Accounting Office report, Japan, West Germany, France, Italy, Great Britain, and the United States together account for over 80 percent of the trade with South Africa. As the resolution points out, many nations have already adopted selected economic sanctions which parallel some of the measures adopted by the United States. But, to increase pressure on the apartheid regime and prevent South Africa and foreign businessmen from taking advantage of United States sanctions, it is necessary to enjoin our allies and others to implement all of the existing United States sanctions.

Mr. Speaker, on the surface the situation in South Africa appears to be very fluid. Much has been made, for example, of the recent meeting between President P.W. Botha and jailed A.N.C. leader Nelson Mandela at the President's residence. Accounts of the meeting remain very sketchy; but the possibility that Mr. Botha's efforts are motivated by tension within the National Party remains very high. Beneath the surface, however, the tragedy of apartheid continues. While we do not hear much in the media about the current situation in South Africa because of press censorship by the Government, we do know that it is very bad. Fundamental democratic rights that are central to the constitution of any civilized society—detentions and restrictions without trial and bans on the right to assemble, speak freely, and vote—remain absent in South Africa. Similarly, the racist ideology of apartheid continues to produce astounding economic disparities; differences in mortality rates, education and health expenditures, income, and employment rates are well documented and profound. Moreover, disturbing reports continue to surface about secret police and white vigilante extra-legal intimidation and violence, including the assassination on May 1, 1989, of Prof. David Webster. In addition, the irresponsible decision in Upington on May 26, 1989, in which 14 blacks were sentenced to death for the murder of a black policeman—even though the court acknowledged that only 1 man had committed the murder—continues to draw the outrage of international human rights organizations. Most of all, the Government continues, through its state of emergency and security legislation, to impose a horrendous system of racial domination upon the majority population.

Mr. Speaker, the Comprehensive Anti-Apartheid Act of 1986 stated that the United States should pursue multilateral international agreements with our allies and other countries to eradicate apartheid. Yet there has still not been significant action by the executive branch to implement these provisions. In fact, the United States vetoed two U.N. Security Council resolutions in 1987 and 1988 that would have imposed sanctions similar to the Comprehensive Anti-Apartheid Act of 1986. The time has come to urge the Bush administration to take decisive action to encourage the multilateralization of U.S. sanctions.

Mr. Speaker, sanctions implemented by the United States and partially adopted by many other countries to amplify internal economic and political pressures for fundamental change are working. Assistant Secretary of State for African Affairs, Herman J. Cohen, acknowledged last month that "Sanctions have had a positive effect." He added,

Sanctions are having a major impact on the psychology of the white community. There is no capital inflow. There is disinvestment. People worry about the future.

Leading members of the white minority government and its supporters in the business community are deeply concerned about the state of South Africa's economy, including the impact of external sanctions. Increasingly, they are saying that the country must change its racial policies because of sanctions. For example, Dr. Gerhard de Kock, the Governor of the Reserve Bank, stated in May:

Our economy will not develop to anything like its true potential, and the authorities

will not get the economy right, unless adequate progress is also made with political and constitutional reform * * *. The simple truth is that the political situation in which South Africa finds itself in the world today has had, and will continue to have, adverse affects on the economy.

Furthermore, a wide range of leaders of the South African antiapartheid movement—church leaders, union leaders, and political activists who are recognized and supported by the vast majority of black South Africans—continue to call for tough, multilateral sanctions. Most prominently, Archbishop Desmond Tutu, Rev. Beyers Naude, Rev. Alan Boesak, and a delegation of the United Democratic Front led by Mrs. Albertina Sisulu have visited with President Bush and stressed the pivotal role that the United States plays in the international effort to end apartheid. In a Capitol Hill forum on May 17, Beyers Naude said:

The one country in a decisive position to influence the situation is the U.S. Your intervention is critical. You can exert the moral leadership to mobilize world action against apartheid.

Mr. Speaker, I commend my colleagues in the Senate for introducing Senate Concurrent Resolution 47 and I encourage my colleagues in the House to support the same measure. The time has come to comply with the bipartisan Comprehensive Anti-Apartheid Act of 1986 and to implement fully its provisions.

RADIATION HEALTH EFFECTS RESEARCH AT THE DEPARTMENT OF ENERGY

HON. LANE EVANS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. EVANS. Mr. Speaker, it is no secret that the Department of Energy's nuclear weapons production complex is in a state of disarray. From the shutdowns at Savannah River and Fernald to the recent criminal investigation at Rocky Flats, the past is finally starting to catch up with the Department of Energy.

Recently Admiral Watkins said that a "culture of production" has dominated the complex at the expense of health, safety, and environmental protection. Perhaps the most blatant example of this can be found in the Department's own epidemiological studies program.

For too long, the Department of Energy has kept the Congress and the American people in the dark about the health hazards involved in producing nuclear weapons. The veil of secrecy that the DOE has maintained over epidemiological information is not there because of national security, but because of a fear that goes to the heart of Secretary Watkin's concern over the "culture of production" in the nuclear weapons production complex. Simply put, health and safety concerns compete with production goals and production wins out.

The fear that health and safety concerns would hamper production goals has made the DOE's epidemiological studies program useless. Instead of using their in-house and contractor studies to improve safety practices, DOE often quashed studies so the production lines wouldn't be shut down. In 1977, for example, contracted researchers published preliminary results indicating an association between cancer and low-level ionizing radiation. However, before the contractors could submit their final report, the Department of Energy severed the contract. Just last year, in a report on the DOE's handling of iodine information at the Hanford reservation in Washington State, the GAO concluded: "DOE's handling of information on Iodine 129 detected in Hanford groundwater was dominated by a pattern of activity that generally discouraged disseminating the information within and outside the agency." The report goes on to conclude, "This pattern of activity was so pervasive that, in GAO's view, DOE might never have publicly released the information if the NRC through its on-site representative, had not identified and pursued the issue." Unfortunately, the number of similar cases documented over the past several decades makes it difficult to conclude that these are isolated events.

The problem is that the DOE is the fox guarding the chicken coop. DOE's inherent conflict of interest; producing nuclear materials while trying to ensure the safety and health of plant workers and the public is at the root of the problem. Until this relationship ends and DOE is taken out of the health research business, the DOE will still be able to keep its problems in the dark.

I have been working with the gentleman from Oregon, Representative WYDEN and the gentleman from Colorado, Senator WIRTH on legislation to take the responsibility for health research and epidemiological studies away from the Department of Energy.

In sum, the legislation would transfer to the Secretary of Health and Human Services [HHS] the authority—currently held by DOE—to conduct health and safety research and epidemiological studies on the effects of radiation exposure at nuclear weapons production facilities. In essense, while assuring the privacy of individual DOE employees, the legislation would allow independent Government health agencies and their contracted researchers access to the pooled health records of all nuclear weapons workers. In addition, the legislation would create a nine-member advisory panel consisting of DOE personnel, labor representatives of DOE employees, and independent public health professionals to help HHS catalog existing data and implement future studies. In my view, this proposal would serve to ensure that DOE employees and the public at large are kept as informed and up to date as possible regarding the possible health impacts of radiation exposure.

Next year I plan to continue looking into the issue of DOE's management of its own health research and epidemiological studies program. I hope at that time we can also examine the role that toxic chemicals play in worker and public health at and around the DOE's nuclear facilities and broaden the scope of the legislation to include toxics within it. Union and labor leaders have raised legitimate concerns about this relatively unexamined issue and it needs to be included in any legislation we contemplate concerning health and safety at the DOE's facilities.

I hope that next year we can move this legislation on the fast track that it deserves. I especially would like to work closely with my colleagues in the Energy and Commerce, Education and Labor, and Science and Technology Committees to craft a bill that includes all of the concerns of the appropriate committees.

Considering the crisis within the DOE and the magnitude of the health problems associated with it, it is crucial that we get as clear a picture from health research and epidemiological studies as we can. Seeing that the DOE cannot currently guarantee this, Congress must act on this issue, if not this year, than next year.

SOVIETS PLANNED GEORGIA MASSACRE, SAYS GRIGORYANTS

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. RITTER. Mr. Speaker, the West had little problem noticing—and unanimously condemning—the brutal crushing of the prodemocracy movement in China recently. The Chinese Government's use of their military force, summary justice, and propaganda to crackdown on the demonstrators was as visible as it was brutal. But the Soviets, in early April—2 months before the Chinese crackdown—revealed in their actions the prototype of a more polished, stealthy, and elaborate vehicle to break the back of dissident sentiment and the pluralistic democratic movement within their borders. This vehicle for oppression—fielded by the Soviets on April 8—has been relatively misunderstood or gone unnoticed by many in the West. It is clear from the new April 8 Soviet law on State Crimes, and the events in Georgia on the following day—virtually hidden from the Western media—that a hidden agenda is being employed by Soviet officialdom.

Mr. Speaker, I would like to include an article entitled "Soviets Planned Georgia Massacre, Says Grigoryants" by Sergei Grigoryants, editor of the Soviet Union's only independent magazine, into the RECORD. I think this article will help my colleagues better understand the relationship between the new Soviet laws and the recent brutal crackdown by Soviet troops in Georgia:

[From the Washington Times]

SOVIETS PLANNED GEORGIA MASSACRE, SAYS GRIGORYANTS

(By Martin Sieff)

Prophets usually bring hard or strange tidings when they come to a city. Sergei Grigoryants is no exception.

The April 9 massacre of human rights protestors in Georgia was planned to provoke a martial law takeover of the Soviet Union, he told a news conference at the National Press Club June 8.

"It became very clear a few days ago these events were not accidental. They were very well planned," he said at the conference, organized by the National Freedom Foundation. "At 4 a.m. on April 9, the central square in Tbilisi was surrounded by several units of special-forces troops flown in from Central Russia.

In the ensuing violence, 22 persons died, 4,000 were injured and an unknown number have since died from exposure to nerve gas, he said.

"The troops were not trying to disperse the crowd." Mr. Grigoryants said. "They first surrounded and then hounded and squeezed them in the direction of the State broadcasting building and the main government building in the square. In these two buildings, there were already troops armed with submachine guns and automatic weapons."

Far higher casualties were only prevented by local Georgian police. "They formed a human chain-link to prevent the crowds coming up against these buildings. Several of these brave policemen paid with their lives," he said.

Mr. Grigoryants listed events leading up to the massacre that indicated it had been planned.

On April 4, five days earlier all of the police in Tbilisi were disarmed.

On April 5, a Soviet deputy defense minister visited Georgia.

On April 8, the day before the massacre, the Soviet government passed a new law greatly extending terms under which people could be convicted for up to three years for discrediting any Soviet official.

The same day as the massacre, an armored division carried out unexpected training exercises near the Latvian capital of Riga. In the Estonian cities of Tartu and Tallinn, tanks appeared in force in the streets the same day.

Four hours after the massacre, the special troops that carried it out were evacuated from Georgia.

Six hours after the massacre, a telegram signed by Dzhumber Padishvili, first secretary of the Georgian Communist Party, was sent to Moscow, describing the events as a riot and an attempt to take over power in Georgia.

It was very clear that this plan was worked out in advance. It would have gone that way and the demonstrators would have been blamed if the police had not interfered," Mr. Grigoryants says.

"The April 8 law leads to the conclusion that an attempt was made to use the events in "Georgia as planned to carry out a crackdown and possible military takeover of the whole country. But, obviously, the murder of innocent women could not be presented as a malicious attempt, and a backpedaling took place."

If the plot had gone according to plan, Soviet President Mikhail Gorbachev "would have achieved a total crackdown on democratic and national movements in the Soviet Union." Mr. Grigoryants claims. "Since so-called extremists would be blamed for all the problems, Mr. Gorbachev could continue to talk about glasnost and enjoy all the credits he gets from the world."

Mr. Gorbachev and his spokesmen insist that he did not know in advance of orders to send the paramilitary troops commanded by Col. Gen Igor Rodinov to Tbilisi.

Two weeks after the massacre Roald Sagdeyev, former director of the Soviet space program and a scientific adviser to Mr. Gorbachev, strongly hinted at a Washington news conference that conservative Politburo members Yegor Ligachev and former KGB Chairman Viktor Chebrikov were responsible for sending the paramilitary force to Tbilisi.

ON THE NATIONAL ENDOWMENT FOR DEMOCRACY

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. FISH. Mr. Speaker, in the 1970's it appeared that democracy around the world was in retreat. Today, however, democracy and free enterprise clearly appear to be moving forward throughout the world. I am proud of the role of the National Endowment of Democracy, a nonprofit organization which receives congressional funding, in aiding democracies.

I insert the text of a July 11 article "Uncle Sam's Drive for Democracy" in the Financial Times, which describes the NED.

[From the Financial Times, July 11, 1989]

UNCLE SAM'S DRIVE FOR DEMOCRACY

(By Peter Riddell)

The image of the American abroad preaching the virtues of democracy and freedom has been tarnished since the Vietnam war. Yet this object is now being pursued in a more open manner by a little known body called the National Endowment for Democracy.

A peculiarly American hybrid, it is a private nonprofit organization funded by annual Congressional grants and run by a board consisting of representatives of the Democrat and Republican parties, unions and business. Its inspiration was a speech in 1982 in London by then President Ronald Reagan calling for a commitment to assist democratic development.

The endowment operates mainly as a grant-making body. About three-quarters of its money—nearly $16m in the current fiscal year—is channelled through special international offshoots of the two parties, the Centre for International Private Enterprise (an affiliate of the US Chamber of Commerce) and the Free Trade Union Institute (set up by the American Federation of Labor/Congress of Industrial Organizations).

The core principles are that grants are to assist in the development of democracy and all are publicly disclosed. In almost all cases this involves working with independent local groups with the money often going on basic items like office equipment and premises.

Mr. Carl Gershman, the endowment's president, denies that the grants are a more public and acceptable extension of the overseas activities of U.S. security and intelligence agencies. Any such connection is strongly denied, though the endowment has faced controversy over grants specifically earmarked by Congress for Nicaragua.

In totalitarian societies the endowment's programmes sustain groups supporting democratic values to "keep the flame alive." In communist societies this has involved backing independent groups and newspapers working for greater openness and the revival of civil society—until recently often against the wishes of the regime and via underground and emigré groups.

In countries with an authoritarian history, such as Haiti, Chile and Paraguay, the endowment has helped those working for a peaceful democratic transition. In newly established democracies, such as Argentina, the Philippines and Guatemala, the endowment has tried to strengthen the institutional infrastructure and public education on democratic procedures to help create a more pluralist society.

As this list implies, Mr. Gershman sees an evolving process as countries move from a closed authoritarian position through a transitional phase to a more open system.

The main constituents of the endowment each have a different role. The Democrats, who have long had an international programme, give general backing to democratic processes, though avoid making a partisan commitment between competing groups. There is the significant exception of Northern Ireland where the Democrats have a long standing commitment to the SDLP as the voice of non-violent nationalism.

The Republicans, however, have mainly backed parties with a close ideological link via the International Democrat Union (to which the British Conservatives also belong).

The Centre for International Private Enterprise, like the other bodies, has been particularly active in Latin America where there is the basis of a private sector.

Dr. John Sullivan, its programme co-ordinator, stresses the linked roles of assisting in the opening up of the economic system towards the free market and in strengthening private sector groups. Among the specific projects are the creation of local chambers of commerce, help for information campaigns to advocate deregulation and to spread entrepreneurial values, the training (in Mexico) of economics and finance journalists, and of management.

The Free Trade Union Institute has a longer pedigree via the existing widespread international connections of the AFL-CIO with its 40 offices worldwide. The largest part of its money goes to Asia and Latin America. It provides training and direct assistance for the development of unions, covering, for example, organizational methods and health and safety procedures.

The rapid pace of change in Eastern Europe has provided big new opportunities. Solidarity in Poland already receives $1.3m via the Free Trade Union Institute, which now wants to help develop its organisation and trade union functions to match its new legal status, Ms. Eugenia Kemble, who runs the institute, stresses that each of the grants does only what local leaders want, so there is no sense of outside interference. Separately, affiliated AFL/CIO unions are becoming involved with their Polish counterparts.

The Centre for International Private Enterprise has been in discussions in Poland to provide advice and basic help. In Hungary, the centre is considering help for a course on enterpreneurship at Karl Marx University, where President Bush speaks on Wednesday, a symbolic indicator of the changes.

It is difficult to assess the impact of these efforts compared with underlying indigenous trends. Yet the presence of foreign observer teams organised by the Democrats' institute may have helped in various transitions, notably in the Philippines in 1986. The State Department regards the endowment as a useful catalyst in association with local groups.

All involved see a worldwide movement in the direction of political pluralism and free markets. Mr. Gershman notes that in the mid-1970's democracy was in retreat in many regions such as Latin America; this has been reversed, not only in that region but in Pakistan and parts of Asia. But, as

this summer's events in China and Panama have shown, the process is not irreversible.

USHEALTH BILL SETS NATIONAL EXPENDITURE CAP AS TRADE TO SECURE HEALTH AND LONG-TERM CARE PROTECTION

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. ROYBAL. Mr. Speaker, Mr. Speaker, today I am introducing the USHealth Program Act (H.R. 2980)—a major reform bill providing basic health and long-term care benefits for all Americans, regardless of age or income. The bill covers primary, acute and long-term care and has special safeguards for catasrophic illnesses. As a tradeoff to secure this protection, USHealth sets a national health and long-term care expenditure cap.

Even in this time of tight budgets, Congress needs to take on this most difficult issue. The House Committee on Aging has held major hearings documenting two critical access deficiences. First is the large number of Americans without any health insurance coverage—31 to 37 million people are uninsured.

The fundamental right of every American to access necessary health care can no longer be denied. We will no longer ignore the 31 to 37 million fellow Americans lacking insurance for either basic or catastrophic health care. USHealth, building on the foundation of the existing Medicare Program, ensures that all Americans are entitled to basic and catastrophic health insurance protection.

The second great deficiency is underinsuance, inadequate coverage for primary, acute, and long-term care. Young families are more and more likely to be working for employers who provide only minimal coverage. Over 200 million Americans are without long-term care protection—be it public or private—and are at major risk of financial disaster when hit by a catastrophic, chronic illness.

Americans find it unacceptable that those underinsured for long-term care not only face the tragedy of severe long-term care illness, but face a second tragedy—a financial disaster striking both young and old. We can no longer ignore our Nation's need for protection from and thus coverage for long-term care costs. USHealth is a unique plan which solves the problem of the 200 million underinsured Americans by offering comprehensive, flexible, managed, and cost-capped long-term care coverage for all Americans.

We are facing a serious crisis in our Nation's health care system because of incomplete access to care and increasing costs of care. Soaring health care costs in the current system threaten the American people's ability to pay for desperately needed health care. USHealth contains costs better than the current system, saves money for the American people, and still provides protection for the uninsured and underinsured.

If enacted, USHealth—a comprehensive, national health plan—guarantees that all Americans will have access to necessary health and long-term care. Not only would USHealth existing financial barriers to health care, but it would slow the Nation's escalating health care costs and improve health care quality. Compared to other comprehensive approaches, USHealth would take the unprecedented step of imposing a health and long-term care expenditure cap at 12 percent of the gross national product.

Without such an approach, the Nation's health expenditures are projected to reach as high as 15 percent of the GNP by the year 2000. Yet, despite this enormous national investment, we would still not have resolved the crisis facing people with catastrophic illness and people without adequate health insurance protection. Setting a national health and long-term care expenditure cap is a fair tradeoff to secure compehensive protection for all Americans.

As compared to other comprehensive approaches, USHealth has a carefully articulated system for providing long-term care protection. In this bill, long-term care expenditures are capped at 1.1 percent of GNP. Long-term care benefits are managed through a care management system which ensures that beneficiaries receive the care they need and that taxpayers will not face increases in costs beyond increases in their ability to pay. Further, the bill's long-term care benefits are flexible to best match beneficiary needs and promote beneficiary independence.

USHealth brings about critically needed improvements without disrupting the essential professional and personal relationship between individual patients and their health care providers. Further, USHealth creates a special partnership with the Nation's insurance industry which protects the financial viability of those companies while ensuring comprehensive coverage for every American.

Though some argue for piecemeal or partial solutions to these problems, Congress should support a comprehensive solution. USHealth is one such solution. Since a broad-based problem exists, only a broad-based solution will provide the full health and long-term care protection which Americans desperately require. Other comprehensive approaches have been proposed recently, but all fall short for one reason or another.

Fortunately, there is no shortage of options for dealing with this broad and tragic problem. However, it is important to keep in mind that all funding comes from the same source, the pockets of the American people, even though payment may be made through premiums, out-of-pocket, deferred wages—through employers—or taxes. The criteria for selecting a particular solution should be solely on what is the most efficient and effective way to use the American people's dollars to meet the American people's health and long-term care needs.

Given the forces of change and the inequities of access, the 101st Congress should make the commitment to protect the uninsured and underinsured. The risk to the uninsured and underinsured is great and grows daily. High and rapidly rising health costs are hitting Americans of all ages. If not controlled soon, health costs will outdistance everyone's ability to pay for needed health care. We no longer can afford not to act.

This Nation can prevent the financial disaster of catastrophic acute and long-term illnesses if it has the political will. If America finds the will to take on this Nation's catastrophic health crisis, viable options do exist. I am introducing my USHealth Act to give Americans such an option.

Today we must begin our journey toward a healthy, productive, and caring America. USHealth, by incorporating state-of-the-art approaches for a health system, embodies our Nation's commitment toward building a truly American Health System.

Mr. Speaker, I include the summary materials describing the USHealth Act into the RECORD:

THE USHEALTH ACT: AN AMERICAN HEALTH PLAN (H.R. 2980)

BILL SUMMARY

USHEALTH. The "USHealth Act," using the existing Medicare program as the foundation, is designed to control health and long-term care costs for all Americans whether they be individuals, employers or government; to maintain quality care for all providers and patients; and to ensure financial access to health and long-term care and prevent financial disaster resulting from catastrophic illness for all Americans.

Cost Containment. The health care cost containment program covers all services and patients. The cost containment provisions include paying all health care providers prospectively where payments are developed in consultation with providers. Further increases are limited to increases in the per capita GNP. States may set up alternative payment programs.

Cost sharing of 20 percent for health and skilled long-term care and 25 percent for non-skilled long-term care is required, but only up to the catastrophic limits described below. Cost sharing is optional for qualified HMOs. The poor (under 100 percent of poverty) and those spending down into poverty are exempt from any cost sharing which prevents access to needed care.

The ceiling on total U.S. health costs is 12 percent of GNP under USHealth. Included under that ceiling is a ceiling on total long term care costs set at 1.1 percent of GNP indexed to changes in severity, ADL (assistance with daily living) levels and cognitive impairment levels.

Access. Financial access is ensured by making every citizen and permanent resident eligible.

Benefits. Beneficiaries are protected from the cost of catastrophic illness. Their financial risk is limited to paying coinsurance as follows: a. up to a maximum $600/person/year, they pay 20% of health care, skilled nursing home and home health costs, and b. up to a maximum $1,000/person/year, they pay 25% of long term care costs. Both "maximums" are indexed to per capital growth in GNP.

The basic and long term care benefits package includes standard Medicare covered services as well as the following: inpatient hospital and inpatient phychiatric hospital services, medical and other health services, comprehensive outpatient rehabilitation facility services, health care services of a medical care access facility (Effective 1/1/90), extended care and nursing facility services, skilled home health services, hospice, alcohol and drug abuse rehabilitation, outpatient mental health (including community mental health centers and state-authorized services provided by a clinical psychologist,

clinical social worker, or psychiatric nurse specialist). In addition to the services traditionally covered by Medicare, medical and other health services are expanded to include nurse practitioner and clinical nurse specialist services (Effective 1/1/90), early periodic screening/diagnosis/treatment for those under age 21, family planning (individuals of child-bearing age), private duty nursing services, physical therapy, occupational therapy, speech-language therapy/pathology, audiology, and other medical or remedial care recognized under State law and specified by the USHealth program. Dental (including dentures) and eyeglasses are added before the year 2000 unless total USHealth expenditures would excess 12 percent of GNP. As under Medicare, prescription drugs are covered but the annual deductible is reduced to $100. USHealth also covers physical checkups, health screening, immunizations, health risk reduction, and other preventive services.

More specifically, long term care (LTC) benefits are covered for chronically ill individuals (at least 2 age-appropriate ADL's or similar level of cognitive impairment). Long term care benefits include: Care management services, nursing care, services of a homemaker/home health aide, medical social services, medical supplies, physical/occupational/speech/respiratory/corrective therapy, patient and caregiver education/training/counseling, day health care, respite care (minimum of 120 hours/year if eligible), nursing facility services (as under the current Medicaid program), and limited transportation. Other long term care services, including personal care, may be covered if authorized by the care management agency and if total costs do not exceed expected cost.

Quality. The current Medicare quality assurance system, including Peer Review Organizations (PRO), is upgraded to place at least as much emphasis on quality assurance as on cost containment, cover all health care providers and consumers, cover all health services (hospital, physician, nursing home, home health), set up a national Council on Quality Assurance, add Consumer Boards to PROs, establish a patient bill of rights and create an ombudsman program. States have the option to develop their own qualified quality assurance system. Quality assurance is also addressed by federal HMO qualification.

Administration. The program is entitled "USHealth" and managed by the USHealth Administration (replaces the current Health Care Financing Administration) which is independent and off-budget. Most bill processing and review will be provided through contracts with private insurance companies.

Financing. Health care cost increases will closely match increases in per capita GNP—approximating the Nation's ability to pay. The provisions to ensure financial access for all Americans are financed as follows: the savings generated by indexed prospective payment and capitation, beneficiary cost-sharing, an expanded cigarette tax, extension of the Medicare payroll tax to all incomes, a premium paid by the elderly (approximating the "Medicare premiums"), an employer tax based on compensation, State revenues covering ½ the cost of the poor, and a surcharge on corporate and individual income taxes sufficient for the solvency of USHealth.

Transition and System-Building Provisions. During the interim period between enactment of USHealth and 1994 (the first year of full implementation), the bill makes several changes which provide interim protection (e.g., extending Medicaid to cover the poor), and set up the transition to USHealth (e.g., developing rural and mental health care resources).

Medicaid Expansion. Over a three-year period, Medicaid protection is expanded to cover all persons with income at or below the Federal poverty level.

Private Insurance Deduction. Small businesses and self-employed individuals are allowed to deduct the total cost of their health insurance.

Rural Health Care Development. Several provisions improve health care in rural areas by improving payment to rural health care providers, covering cost of Medical Care Access Facilities (MedCAF), authorizing a rural health services block grant, grants to develop medical practices, and ensuring that mental health services reach rural areas.

Direct Reimbursement of Nurse Specialists. As in the previous section for Medicare/USHealth, nurse practitioners and nurse specialists are covered by Medicaid.

Health Care Personnel Development. In order to better assure the availability of appropriate health care personnel, the bill expands the National Health Service Corps, establishes a Rural and Urban Health Assistance scholarship and loan repayment program, provides training funds and expands the Area Health Education Centers.

Mental Health Care Development. Several provisions are designed to improve mental health care by funding research and demonstration projects, upgrading quality assurance and program effectiveness review and methodologies, requiring Medicaid coverage of mental health care, changing the provision ensuring appropriate mental health care in nursing homes.

Alzheimer's Assistance Development. With respect to Alzheimer's the bill creates and authorizes funding for State Alzheimer's programs. It also requires the Secretary to take several actions to assure adequate payment, quality of care and access for Alzheimer's patients.

Community and Migrant Health Centers Expansion. As one way to reach underserved populations, the bill expands funding for community and migrant health centers by 10 percent.

Comparison of USHealth Program Act With Current Health Care

The USHealth Program Act takes the Medicare law and amends it in a way that expands Medicare to cover all Americans for the full range of health and long term care. The Act also contains a number of transition provisions to phase in USHealth.

ELIGIBILITY

USHealth

All U.S. citizens and permanent residents are eligible for and covered by USHealth.

For coverage beyond USHealth, private insurance available through employer or through individual purchase.

Current

Medicare limited to elderly and disabled. Medicaid limited to part of poor, elderly, and disabled. Private insurance available through employer or through individual purchase (except for uninsurable). Over 37 million people are uninsured and over 200 million are underinsured for long term care.

ENROLLMENT

USHealth

Enrollment through Social Security offices. Other locations will likely be used as well. May allow option for enrollment by mail.

Added cost of enrollment by Social Security is paid for out of USHealth trust fund.

Initial enrollment and entitlement begins January 1, 1994.

Current

Mixed model of enrollment. Individuals enroll for private insurance through place of employment or insurance company. Medicaid eligible individuals enroll through State and county government. Medicare eligible individuals enroll through Social Security offices.

DELIVERY SYSTEM

USHealth

Like current system with mix of public and private providers; HMOs (Health Maintenance Organizations) eligible for 100 percent of average cost as long as they provide full coverage including long term care.

Current

Mixed model of public and private health care providers with some growth in HMOs and ambulatory care.

BENEFITS

USHealth

The health and long term care package includes standard Medicare covered services as well as the following: inpatient hospital and inpatient psychiatric hospital services; medical and other health services; comprehensive outpatient rehabilitation facility services; MedCAF services; extended care and nursing facility services; skilled home health services; hospice; alcohol and drug abuse rehabilitation; outpatient mental health; services of clinical psychologist, clinical social worker, clinical nurse specialists, nurse practitioners; EPSDT; family planning; private duty nursing; physical, occupational, speech-language therapy; audiology; physical checkups, screening, immunizations, health risk reduction and preventive services; prescription drugs ($100 deductible) and other medical and remedial care recognized under State law and specified by USHealth. Dental care and eyeglasses covered no later than year 2000.

Long term care is covered for chronically ill individual as follows: care management services; nursing care; services of a homemaker/home health aide; medical social services; physical, occupational, speech, respiratory and corrective therapy; medical supplies; patient and caregiver education; day health care; respite care; nursing facility services (as under Medicaid); limited transportation; and other personal care if authorized and within expected cost target.

Current

Mixed model based on type of coverage. Private insurance covers most acute care with deductibles and coinsurance but seldom covers long term care. Medicaid generally covers acute and long term care without deductibles and coinsurance. Medicare generally covers acute care with deductibles and coinsurance but does not cover services such as prevention, dental care, and long term care.

QUALITY ASSURANCE

USHealth

Upgrades and expands quality assurance system to cover all patients and services, in-

cluding ambulatory care, care management and home care services.

Establishes a health and long term care ombudsman.

Consumer role is expanded through consumer advisory board and hot-line.

Establishes National Council on Quality Assurance.

Secretary of DHHS provides annual reports on impact of cost containment on access, cost and quality.

Current

Mostly targets hospitals and nursing homes. Very little external QA for ambulatory or home care.

Virtually no consumer involvement or access.

No overall responsibility for quality assurance for nongovernmental beneficiaries.

Very little investment in improving QA methods. Very little data available on impact of policy decisions on quality.

SERVICE PAYMENT AND COST CONTAINMENT

USHealth

Single payer for everyone for all services.

Overall national expenditure cap on health and long term care of 12% of GNP and on long term care of 1.1% of GNP.

Use prospectively set fees (DRGs for hospital care and non-DRGs for non-hospital care) for all care. Prospectively set fees should be developed in cooperation with respective provider group and should incorporate adjustments to account for patient differences and higher quality providers. Increases in the fees are limited to increases in per capita GNP. For hospitals, capital payments are made through a DRG specific add-on to the DRG payment.

Encourage payment by HMO type capitation plan with HMOs getting 100% of average cost for enrollees.

Provides for direct reimbursement of psychologists, clinical social workers, nurse practitioners and clinical nurse specialists.

Payments serve as full payment to providers with no balanced billing allowed.

States have option of a State alternative payment program with limited start-up funding and a limited share of Federal savings.

Beneficiaries pay coinsurance but are protected from catastrophic costs as follows:

a. 20 percent of health, and skilled nursing home and home health costs up to a maximum of $600 per person per year (indexed to per capita GNP), and

b. 25 percent of non-skilled nursing home and home health costs up to a maximum of $1,000 per person per year (indexed to per capita GNP).

Payment handled by insurance companies acting as carriers and intermediaries.

Utilization review of all services by contract carriers and PROs.

Current

Multiple payers including Medicare, Medicaid, private insurers.

Different payers for different services use somewhat different payment models, including fee for service, cost-based reimbursement, prospective payment and capitation. Payers using more and more similar methods in recent years.

Very limited direct reimbursement of nonphysician health professionals.

Payment handled by insurance companies and fiscal intermediaries for Medicare, contract companies (e.g., insurance companies) for Medicaid, and insurance companies for employers and individuals.

No overall cap on total health and long term care costs.

Mixture of utilization review, payment freezes, fee schedules, competitive bidding, hospital DRGs, capitation.

States have little cost containment role except for a) the Medicaid program and b) hospital payment regulation in several States.

Medicare beneficiaries protected from the cost of catastrophic illness, but pay coinsurance. Privately insured have varied protection from cost of catastrophic illness. Medicaid beneficiaries protected from virtually all costs.

FINANCING

USHealth

Beneficiary cost-sharing subject to catastrophic limits.

Savings from holding cost increases down to per capita GNP growth.

"Medicare payroll tax" expanded to cover all income levels.

A premium for those over age 65 approximating the cost of the "Medicare Part B premium payment" which may be waived for elderly below poverty level. Medicare catastrophic premiums and "surtax" are phased out.

An employer tax on employee compensation utilizing a percentage which reflects the aggregate amount which employers are paying under the current system for employee and retiree benefits.

Cigarette excise tax is raised by 16¢ and indexed to per capita GNP.

State contribution equal on average to ½ cost of the poor (everyone under poverty level). Payment formula is as follows: (total cost of poor) × ½ × (State population/U.S. population) × (State per capita income/U.S. per capita income).

Earmarked surcharge on all corporate and personal income taxes equal to the amount necessary to maintain the solvency of the USHealth Trust Fund.

Revenues are placed in USHealth Program Trust Fund.

Current

Mixed financing for uninsured by charity; for private insurance by employers, employees, and individuals; for Medicare by premiums, federal payroll taxes and general revenues; and for Medicaid by federal general revenues and state general revenues.

OWNER-WORKERS ARE WINNERS

HON. DANA ROHRABACHER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. ROHRABACHER. Mr. Speaker, free enterprise, our engine of progress, is dependent on a general acceptance of and respect for property rights. Historians, economists, and philosophers alike attribute the economic strength and stability of the United States to this Nation's commitment to private property and free enterprise. Although there has always been widespread property ownership, the average citizen has not participated in ownership of the country's corporations. Other than relatively recent ESOP laws, voluntary financial mechanisms designed to increase widespread access to capital ownership have been absent from our system. The vast majority of Americans cannot afford capital ownership, since American workers do not own; they owe. As a result many American workers feel detached and disenchanted not only from the economic decisionmaking by corporate America but from the American political process as a whole. Private and public sector ESOP's make participation in our system possible for those individuals who historically have lacked access to capital and credit. By expanding private ownership of both property and capital, we can broaden and secure the base of freedom while bolstering economic growth. Employee stock ownership plans are effective tools in achieving that goal.

Employee owners approach their jobs with a far different attitude than most working people. They feel personally responsible, loyal, hard working, and responsive to the needs of their company, more concerned about productivity and teamwork. This, in turn, creates a productive sense of teamwork between management—who are actually other working people—and nonmanagement employees. Increasing the level of employee ownership will help make America a richer, more competitive country by empowering working people with the rights and responsibilities of ownership giving them incentives they never had as hourly employees.

In the United States today, 1 percent of the population owns 50 percent of all directly held U.S. stock. It is time to cut more people in on the action. The ESOP is a financing tool that serves as an incentive for companies and corporations to structure their finances so that employees gain an ownership stake in the company for which they work. When properly designed and implemented, the ESOP is a capital credit device which uses a corporation's credit and future profits to enable employees to buy into a sizable ownership share of the company. This is often done in conjuncture with asset acquisition and corporate expansion.

The ESOP channels capital credit to corporations through an employee trust. The loans are subject to the same prudent standards and corporate guarantees as direct loans. The loan funds are then used to purchase stock for the workers. The loan itself is repaid with corporate earnings. The ESOP allocates stock to the accounts of individual employees as a block of shares earned that is, the company contributes cash out of pretax profits to the trust. The cash, which is treated as a tax-deductible employee benefit, is used to repay the stock acquisition loan. Traditional corporate leverage credit aids the existing owners of the company. The ESOP uses a corporation's credit to convert its workers into owners.

The problem with American capitalism, Senator Long once observed, is the fact that there is not enough capitalists. In an article that appeared in the New York Times, Louis Kelso—the founder of the employee stock ownership plan—demonstrates how Americans can be given greater access to capital credit through the use of ESOP's. I ask that it be reprinted into the RECORD.

[From the New York Times, January 29, 1989]

CORPORATE PERESTROIKA—WHY OWNER-WORKERS ARE WINNERS

(By Louis O. Kelso and Patricia Hetter Kelso)

In 1967, five hooded robbers in Miami, Fla., relieved William M. du Pont and his wife of their $1.5 million Russian coin collection at gunpoint. One of the robbers paused long enough to ask Mr. du Pont: "Why don't you make your living like a normal person?" When Mr. du Pont asked what was normal, the gunman replied: "Working to earn a living like everyone else."

As a seventh or eighth generation of what we call "capital workers," Mr. Du Pont must have smiled at this naive view. But our national economic policy still revolves around the idea that every able-bodied person's income problems can be solved through jobs. Capital employment—ownership that is—remains unrecognized as an equally legitimate way to earn a living.

Capital workers have access to credit. Credit enables a borrower to buy a capital asset, like a company, and pay back the loan out of the purchased company's own earnings. Historically the rich have monopolized credit—and the rewards that go with it. The result: 5 percent of American families own nearly all of the economy's non-residential productive assets, with most ownership concentrated in the top 2 percent.

To become more competitive and maintain employment levels, the overall economy needs massive capital investment. But without a change in economic policy and philosophy, our high-tech future will not be owned by working people but by the same 5 percent of families that already own our existing low-tech capital.

Why can't American workers use credit to buy new and existing capital assets—especially those of companies in the process of automating production and eliminating jobs?

The reason is that economists and bankers still decree that capital ownership must be acquired only through heroic feats of underconsumption—which they call savings. Only by holding a pool of savings, these conventionally minded bankers say, can lenders be insured against the risk that a newly acquired company will fail to earn enough to repay its takeover cost. But who in America has unencumbered savings of the requisite magnitude to purchase those companies? Only the already well capitalized—the already rich.

In conventional finance, savings are put up as a kind of performance bond. If a new factory, say, does not produce enough income to pay off its debts, the lenders may foreclose and take the company's savings.

But protecting against a possible failure to repay is really a risk-management problem that should be handled with commercial insurance, not savings. Savings, after all, are only a type of self-insurance plan, which, in our view, is obsolete. It does not broaden capital ownership as technological change transforms industry from labor intensive to capital intensive. Instead, it concentrates ownership.

The employee stock ownership plan—known as an ESOP—was invented to democratize access to capital credit. In human terms, it is a financing device that gradually transforms labor workers into capital workers. It does this by making a corporation's credit available to the employees who then use it to buy stock in the company. The earnings of the company itself are used to pay for the stock. The company's reward from an ESOP—in addition to a motivated work force of worker/owners—is the low-cost financing of its own capital needs.

But most economists have not caught up with this new economic reality. In fact, most economists still refer to the wages of capital as "unearned income.". The inference is that only labor work is legitimately productive. Capital workers, in this view, are freeloaders on labor's work. This is, of course, the official Marxian socialist position. But, strangely, it is also endorsed by such capitalist enterprises as Citibank, which once even used that idea as the basis of an advertisement.

Labor workers and their unions could hardly fail to be confused—especially when they are asked to help finance modernization by accepting wage cuts. These wage cuts often help outsiders take over these companies.

Our economy is now well into an era of unprecedented technological change. Under such code names as "computer-integrated manufacturing," production is being reorganized around technologies designed specifically for automated processes.

Computer pioneer Adam Osborne calls it the "microelectronics industrial revolution." He predicts that its impact will rival that of the first industrial revolution, wiping out perhaps half of all jobs—blue and white collar alike—in the industrial world today. "Without adequate planning," he warned, "we could be heading for a time of anguish and chaos."

But the ESOP method of financing enables our nation to deal with technological change rationally and painlessly—person by person, corporation by corporation, industry by industry—as capital input displaces labor input across the board.

Moving from labor worker to combined labor worker and capital worker is a transition essential to a private-property, free-market economy whose destiny is inexorably bound to technological progress. This solves both the individual's problem of earning a good living and the economy's problem of maintaining mass production and purchasing power.

Relying upon a job to provide an income once worked for most Americans. It still does for many, at least until they reach retirement or are dismissed from those jobs. But to earn a good living as long as they live, people must now supplement their labor employment with capital ownership. Bringing about this long overdue transition is government's most urgent task.

When F. Scott Fitzgerald observed that "the rich are different from us," Ernest Hemingway retorted, "Yes, they have more money."

But this celebrated riposte throws no light on the great divide between the very rich and even such extraordinarily talented middle class outsiders as Fitzgerald and Hemingway. Had the latter known the secret of wealth, he might have replied: "Yes, Scott, they have access to capital credit."

FURTHER STUDY NEEDED ON WASTE DISPOSAL REGULATIONS

HON. DONALD E. "BUZ" LUKENS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. DONALD E. "BUZ" LUKENS. Mr. Speaker, I rise today to bring to the attention of my colleagues a situation concerning proposed regulations by the Environmental Protection Agency which would regulate the amount of toxic materials in sewage sludge. The regulations are, in the opinion of many municipal waste officials and engineers, excessive and detrimental to the efforts of dealing with the problem of waste disposal.

Presently, many communities all over the country have developed compost plants, which transform waste sludge into a fertilizer alternative. This has a twofold effect: It is economical, as the community is able to sell the fertilizer; and it solves the problem of waste disposal.

The EPA's regulations are faulty in that they were based on hundreds of technical errors that will inflict unbearable cost to communities like Hamilton, OH. Hamilton presently is operating a $12 million compost plant which would be profoundly affected by the proposed regulations.

The EPA is accepting comments on the rules until August 7, and the rules are not expected to take effect until 1991.

Regulating environmental activity is certainly a necessary duty, yet regulations that are so widely criticized in the professional community must be reviewed thoroughly to gauge all possible ramifications. These communities are making a viable attempt at the safest possible resolution to the waste disposal question, but the EPA is regulating away the answers.

This issue of proposed regulations will affect facets of the waste disposal system all over the country. Therefore, I urge my colleagues to look closely at this situation that will certainly affect communities in many of our districts.

SAY NO TO B-2 CUTBACKS—THE B-2 IS VITAL FOR DETERRENCE

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. DORNAN of California. Mr. Speaker, as we began debate on the fiscal year 1990 DOD authorization bill, I would like to share with my colleagues an excellent editorial published in Aviation Week and Space Technology. I urge you to consider the points that are made therein and support the administration by voting against ill-timed cutbacks for the B-2 strategic bomber.

PRESERVE THE B-2 OPTION

Congress faces an agonizing decision this week when the Fiscal 1990 Defense authorization bills come up for debate on the House and Senate floors. The central issue in these debates will be the affordability of the

USAF/Northrop B-2 stealth bomber. The crucial questions are:

Is the B-2 worth its unprecedented cost?

Can the U.S. afford it?

Does the B-2 show promise for performing its mission?

Should it be funded for another year of full-scale development and flight testing and low rate production?

The answer to all of the above is yes, with qualifications.

To support the B-2 solely on the basis of its technological innovativeness, as revolutionary as that may be, would be simplistic. But to dismiss lightly the quantum leap the B-2 represents in advanced aerodynamic design, flight control systems, low observable technology (stealth), materials and manufacturing processes is unacceptable.

Northrop and Air Force officials close to the B-2 development program were ecstatic last week following the No. 1 aircraft's first flight, not only because it silenced ill-informed naysayers who insisted the flying wing would not fly. They were elated that the aircraft's performance and handling characteristics, in the first limited look allowed during the 2-hr. maiden flight, closely matched computerized and simulated projections. In specific areas, the handling qualities, a crucial issue in such an innovative design, exceeded preflight predictions. This does not prove that the B-2 design is either valid or without flaws. That will come only after the B-2 is subjected to a painstaking flight test program.

COMPOUNDING THE LOSS

Having come this far with the B-2 and having invested over $22 billion in the research and development and facilities portions of the project, it would be a colossal waste to cancel the program. The cost of closing out the canceled contracts could well double the sunk investment, compounding the loss with nothing to show for it.

U.S. Air Force champions of the B-2 program, as well as Northrop, find themselves increasingly under fire by Congress for what is characterized as runaway program costs. The precise cost of the B-2 program should shock no one on the Hill. Members of all of the pertinent oversight committees have been informed fully on program decisions affecting overall B-2 costs, and in fact, have played a role in schedule stretchouts that have boosted those costs. They also have been able to track Northrop's control of B-2 unit flyaway costs—a better measure of the company's ability to meet the challenge of managing this cutting-edge-of-technology program.

Calculating the B-2's unit price by dividing the total projected program cost by the 132 planned production aircraft produces a whopping figure of $530 million each. But this is not a valid measure of B-2 unit costs, never mind whether one uses 1981 base year dollars, current year dollars or then-year—now through 1999—dollars.

The B-2 effort is crucial to the U.S.'s technological base, as well as its future military capability. A major portion of the research and development and industrialization costs, if only for accounting purposes, should be written off as an investment in national capabilities. For these and other reasons, the B-2 program should be continued.

ECONOMY AT STAKE

Congress must approach the debates this week as deadly serious. The viability of the U.S.'s deterrence into the next century is intertwined with the B-2. The U.S. economy also is at stake and any decision to underwrite a potentially bank-breaking project cannot be taken lightly.

Modern politicans molded by the dictates of the electronic news medium have become conditioned to responding to the weightiest of issues with 30-sec. "sound bites," which often as not reinforce their shallow images. The U.S.'s future defense posture is at stake, as are other compelling social and economic issues. These deserve the fullest and most serious attention legislators can muster.

To label the B-2 a "turkey" or to dismiss its development as a costly boondoggle is demeaning and insulting—to those mouthing such inanities, rather than to the B-2 itself or the thousands whose dedicated labor brought this technological masterpiece into being.

Congress' final analysis may be, however, that the B-2 is a masterpiece the U.S. cannot afford to produce. We feel it is a masterpiece the U.S. cannot afford NOT to produce, and we endorse initatives by Sen. Sam Nunn and Rep. Les Aspin that support Defense Secretary Richard Cheney's Fiscal 1990 budget plan to preserve the B-2 option for a least another year.

Cheney took a hard look at the B-2 program earlier this year after having raised a "red flag" of concern that it was too costly and improperly managed. He changed his mind after an inspection of Northrop's B-2 facility and briefings by program officials. His change of heart appears sincere and should be sustained by Congress. This will allow time for the flight performance demonstrations needed to prove that the B-2 meets its mission requirement. Meanwhile, the Air Force must get its act together and present Congress with a viable B-2 mission scenario.

As Congress faces its crucial B-2 decision, it has to debate the issue thoroughly. It will not be an easy decision, given the compelling needs to combat the drug scourge, salvage the U.S.'s ailing savings and loan industry and clean up its deteriorating environment. But the issue must be faced and the answer on B-2 must be yes.—Donald E. Fink.

HEALTH WASTE

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. STARK. Mr. Speaker, the July 17, 1989, issue of HealthWeek includes an excellent editorial on what a terrible waste occurs in our Nation's health spending. The scandals in Medicare and health spending easily match the waste in weapons spending—they just are not as well known.

TWO REPORTS, ONE MESSAGE: FUNDS WASTED

In one week at the end of last month, two government bodies received reports that focused attention on America's priorities in 1989.

In Washington, D.C., a congressional committee learned that the Pentagon has spent $22 billion so far on the B-2 airplane, the Stealth Bomber. This information came in the context of an appropriations request for $8 billion more each year for the next five years. The planes now are projected to cost $500 million apiece, and maybe more.

In Alameda County Calif., medical ethicist John Golenski, who is the subject of this issue's Insider Interview, told the county board of supervisors that he could not advise them on assigning priorities to health care services for the medically indigent because the system was already hopelessly underfunded. He pointed to numerous "horror stories" in the county's system that denied basic services.

Usually, when comparisons between social spending and military spending are made, protests arise on two points: One, we need a strong defense for our national security and, two, health care spending has been rising faster than the overall rate of inflation and as a percentage of our gross national product.

That is fair enough, but it really begs the question. What is wrong with our defense system is also wrong with our health system: Neither is well-managed. Both waste tremendous resources on programs of dubious merit and both are heavily influenced by well-organized lobbies.

As a result, terrible inequities have arisen, as both systems increasingly can't meet the reasonable expectations of our society. We aren't getting what we are paying for.

Rationing health care for the poor is a cop-out. There is plenty of money in the system to pay for a basic level of services for everyone but only if we are willing to manage the resources fairly. Singling out Medicaid for rationing is invidious discrimination on the basis of class, race and age.

But it is possible to construct a health system that is fair and efficient, just as it is possible to have a fair and efficient defense system.

Getting rid of waste in health care comes down to curbing unnecessary medical procedures. As many as one-third of medical treatments are not only unnecessary but may be harmful. The waste is fueled by pervasive conflicts of interest, as physicians compete for more patients and refer them to institutions in which the doctors have an economic interest.

It is not unlike the defense system, as the weapons procurement scandal proved.

A great nation must renew its institutions if it wishes to stay great. We cannot take our health and security for granted any longer.

Bad management, bad policies and simple greed are making scapegoats of the poor, and fools of the rest of us.

CATASTROPHIC CARE REVIEW

HON. ELIZABETH J. PATTERSON

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mrs. PATTERSON. Mr. Speaker, on July 1, 1988, former President Reagan signed into law the Medicare Catastrophic Coverage Act of 1988. This legislation was the result of an initiative proposed by Mr. Reagan, formulated by the Department of Health and Human Services and enacted by the U.S. Congress to help protect the 32 million Medicare beneficiaries in this country from the tremendous expenses of catastrophic illnesses.

Among other things, this legislation provides new or expanded Medicare coverage for prescription drugs, hospital fees, and outpatient costs. Without this bill, a Medicare beneficiary could spend his or her life's savings on a sudden, devastating illness.

While I support legislation that protects senior citizens. I have been concerned about the future effects of this legislation on senior citizens. For this reason, I believe that the Congress should enact legislation that delays further implementation of the catastrophic care law for 1 year, with the exception of the spousal impoverishment provision which is scheduled to become effective later this year. All benefits scheduled to take effect after 1989 and the collection of the supplemental premium should be included in the delay while Congress reviews the law. Benefits that have already gone into effect such as unlimited hospital care coverage, hospice care, and expanded skilled nursing home coverage should not be affected.

Delaying further implementation of the catastrophic care law will give Congress an opportunity to review the funding mechanism through public hearings. It is important that the Congress carefully review the financing of the law to determine what, if any, changes need to be made in the law to ensure that the needs of senior citizens are truly being met without unduly burdening them financially. The intent of the catastrophic care legislation was to protect senior citizens and disabled Americans and help alleviate their medical expenses. We must make sure that further implementation of this law does not undermine our intent or serve other purposes.

GAO STUDY SHOWS THAT A CIGARETTE EXCISE TAX INCREASE WILL REDUCE TEENAGE SMOKING

HON. MICHAEL A. ANDREWS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. ANDREWS. Mr. Speaker, today, I am enthusiastically announcing a report prepared by the General Accounting Office [GAO] at my request. I asked the GAO to examine the effects of teenage smoking and the effects of an increased cigarette excise tax. With this study I wanted to find a way to prevent the growing number of our teenagers who become addicted to nicotine and to find a way to prevent the tragic number of premature deaths.

GAO has found that increasing the excise tax on cigarettes will stop teens from smoking. This point is no longer debatable. Raising the excise tax by a quarter a pack will stop at least 500,000 teenagers from smoking. For every four teenagers who quite smoking, one premature death can be prevented.

We can no longer tolerate the large number of young smokers. About 1 of every 6 teenagers smokes cigarettes. And the numbers are rising. In the latest Gallup youth survey, 13 percent of younger teens said they had smoked in the preceding week, a 3 point increase since 1987.

In the 100th Congress and again in the 101st Congress, I introduced the Smoking Cost Recovery and Education Act, H.R. 718. In an effort to control the long-term effects of smoking, my bill increases the cigarette excise tax by a quarter a pack. The 25-cent increase will raise $4.4 billion in revenue in 1 year and a total of $21.8 billion over 5 years.

Ninety percent of the revenue collected by my bill will be used to offset the estimated $22 billion smoking-related health care costs each year. The remaining 10 percent wll set up an education and counteradvertising campaign aimed at youth.

Higher cigarette prices directly affect the pockets of our teenage smokers. Because most teenagers have less disposable income, they will be more sensitive to higher priced cigarettes. If they buy fewer cigarettes, they smoke less.

The current excise tax on cigarettes is worth half of its 1951 value. Then the cigarette excise tax was 8 cents. Today that 1951 tax would have to be increased nearly fivefold to 38 cents to adjust for inflation. We must raise the excise tax substantially to make up for the loss in value.

The future of our children and our country is at stake. Each year, 1 million young people start smoking—that's about 3,000 every single day. The GAO study also states that high school seniors who smoke are more often female and white. Half of the 41- to 65-year-old smokers surveyed in 1980 by the Office of Smoke and Health started smoking before the age of 18 and they have never quit. This information shows us clearly how smoking is addictive.

In 1988 the Surgeon General labeled smoking as an addictive habit. Adolescents are generally unaware of the nicotine addiction that develops when experimenting with as few as three packs of cigarettes. We must start at an earlier age to educate our children about the health risks of tobacco use. We need to educate our teenagers about how smoking jeopardizes their health and our health.

Persistent smoking wreaks havoc on the health of both the smoker and nonsmoker. A young smoker significantly increases his or her risk of developing symptoms to diseases that usually appear in adulthood—lung cancer, heart disease, and strokes. More females are now dying of lung cancer than breast cancer. About 390,000 deaths occurred in 1985 due to high incidence of smoking habits.

Smokers also put the public health at risk. Nonsmokers inhale secondhand smoke. As a result, nonsmokers become much more susceptible to cancer and other smoking-related diseases. Close to 50,000 deaths have resulted from nonsmokers inhaling smoke passively.

I have long been a strong proponent of reducing the high number of tobacco users in our country. I initiated the Tobacco Use in America Conference in Houston on the 25th anniversary of the Surgeon General's first report on smoking. The Congressional Task Force on Tobacco and Health, on which I serve, evolved from the Houston conference as a way to focus on the public policy issues surrounding the use of tobacco products.

We must make a long term commitment to our teenagers who do not understand how smoking endangers their welfare and our welfare. The GAO report concludes that we can discourage teens from smoking and prevent the increasing number of cigarette addictions by raising cigarette excise taxes. Teenagers will stop smoking if we raise the cigarette excise tax. Join me in supporting the Smoking Recovery and Education Act, H.R. 718, and the lives of our youth.

CHINA UNREST

HON. MICHAEL DeWINE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. DEWINE. Mr. Speaker, although news from China no longer dominates the front pages, the situation in Beijing, in Shanghai, and throughout China is hardly business as usual. Thousands are reported to have been arrested—students, professionals, and laborers alike. Dissidents are beaten and forced to confess on national television. The Chinese Government is using the big lie technique with frightening effectiveness. By clinging to the fantasy that hooligans and ruffians were behind the protests and no civilians were killed in Tiananmen Square, China has created martyrs of the soldiers who were also killed in the June 4 massacre.

The Voice of America has been the single most effective United States presence in China. Under the most difficult circumstances—constant jamming, the expulsion of VOA's Beijing bureau chief, and a staff decimated by SE Service, VOA, is a lifeline for tens of millions of listeners. VOA has ably represented the finest ideals of truth and democracy to the Chinese people. Through careful, balanced journalism, VOA has kept the Chinese people informed of events in their own country and, perhaps more importantly, of the world's condemnation of the Chinese Government's brutal crackdown. As VOA Director Dick Carlson told the Foreign Affairs Committee recently, it is times such as these when accurate information becomes the most sought-after, the most expensive, and ultimately, to the authorities, the most dangerous commodity.

Mr. Speaker, I ask my colleagues in the House to join me in congratulating Mr. Carlson and his staff for their inspired leadership.

PUERTO RICO'S PLEBISCITE CONTINUES TO DRAW INTERNATIONAL ATTENTION

HON. JAIME B. FUSTER

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. FUSTER. Mr. Speaker, as I had explained before in another insert in the CONGRESSIONAL RECORD, Puerto Rico continues to receive international attention as the political status plebiscite bills are considered in the Congress. Hearings on these bills—which would offer voters in Puerto Rico a choice between statehood, independence, or an enhancement of the existing commonwealth status—have been concluded in the Senate and should be held in the House sometime in September.

I should now like to draw to the attention of my colleagues an article on the plebiscite

which appeared in the San Juan daily newspaper, El Mundo, of July 19, 1989. It quotes José Francisco Peña Gómez, vice president for Latin America of the Socialist International, who urged in Caracas, Venezuela that the United States Government adopt what he called a more discreet position toward the plebiscite. One need not agree with such organizations as the Socialist International but one should realize that any change in Puerto Rico's politcal status should also be seen within the Latin American context. We should all be aware that there is a Latin American dimension to this issue.

Mr. Peña Gómez, in calling for what he termed discretion, was reacting to the position adopted by President Bush and his administration, favoring statehood for Puerto Rico. Mr. Speaker, the President, of course, has the right to favor one political status option over another but at hearings on the plebiscite before the Senate Energy and Natural Resources Committee, July 11-14, this preference for statehood seemingly and regretfully affected witnesses from the administration who testified.

In several cases, they simply were not prepared to offer requested alternative strategies for all three options. Indeed, this lack of preparedness by the administration in defining the alternatives for the voters of Puerto Rico was vigorously criticized last week in editorials in the New York Times and the Washington Post.

These are extracts from the July 19 article in El Mundo, attributed to the Spanish news agency, EFE, in Caracas, Venezuela:

Peña Gómez reaffirmed his position against Puerto Rico becoming the 51st state of the United States and he restated his support for the self-determination and independence of the Puerto Rican people.

He pointed out that the Socialist International favors free determination of the island and that "it is not going to agree with Puerto Rico becoming a North American state if this decision is not a consequence of a free, sovereign act expressing the will of the Puerto Rican people."

We cannot accept that a Latin American nation which shares our culture, language and traditions and which for more than a century has bravely preserved its historical and cultural roots becomes a North American state, he added.

Mr. Speaker, as I said earlier, one need not agree with such statements but they do in fact represent the thinking in certain circles of the international community. Similar thoughts as those of Mr. Peña Gómez were also articulated in the July 21 edition of another San Juan daily newspaper, El Vocero, by the President of Venezuela, Carlos Andres Perez, who was quoted by EFE as saying the issue of Puerto Rico's political status could be taken before the United Nations Decolonization Committee.

Obviously, Mr. Speaker, the issue of Puerto Rico's political status is one of major importance not only to the 3.5 million American citizens in Puerto Rico but also to policymakers in Washington and even to the world community. I urge my colleagues to reflect seriously and objectively upon this matter when the Puerto Rican plebiscite issue becomes a part of the legislative process in this body.

SAUDI ARABIA YESTERDAY AND TODAY

HON. DANA ROHRABACHER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. ROHRABACHER. Mr. Speaker, it is a pleasure for me to bring to the attention of my colleagues an exceptional opportunity for Washingtonians and visitors to this city to learn more about the world around them—Saudi Arabia in particular. Tomorrow at the D.C. Convention Center the Kingdom of Saudia Arabia will open an exhibition titled Saudi Arabia Yesterday and Today. It is a cultural exhibition, unlike many exhibitions which come to our country designed primarily to promote trade, and its main purpose is simple: To help the American public understand more about the culture and people of Saudi Arabia and the amazing modern kingdom which has been built the last few decades. I commend the exhibition to you and hope that you will be able to visit it during its stay here in Washington, July 29-August 20.

The exhibition comes to Washington after having toured Germany, France, England, and Egypt. It met with great success in each of these countries, and I am told that Parisians stood in long lines in the bitter cold to view it when it was at Le Grand Palais in the heart of that city. Each of the exhibitions abroad was carefully planned and crafted to suit the particular interests of that country. The same is true of the show here in America. Visitors to the D.C. Convention Center will find it easy to understand the long, friendly relationship between the United States and Saudi Arabia after viewing the section devoted to the historic, special friendship between our countries.

Americans actually have much to be proud of when they survey the progress which has been made in this distant kingdom. From the 1930's when its far-sighted leader, Abdulaziz Al-Saud, reunited what had been largely a nomadic people, Americans have played key roles as friends, advisers, business partners, and coworkers in the vineyards of international affairs.

As King Abdulaziz began to lay the first stones for the foundation of the modern kingdom, he turned to American companies, engineers, and field workers to help explore for oil and then to tap the natural resource with which the kingdom has been so richly blessed. As the business relationship between our countries began to grow, so did ties between our governments. President Franklin D. Roosevelt recognized early the tremendous contribution which Saudi Arabia was destined to make to the world community. He went to the region in 1945 to cement the relationship. Americans and Saudis alike still remember with great pride the historic wartime meeting which occurred between President Roosevelt and King Abdulaziz. The ties they created have grown ever stronger. You will see upon visiting the exhibition, Saudi Arabia Yesterday and Today, that each successive U.S. President and each Saudi monarch has gone the extra mile to assure that the bonds remain strong and durable.

The exhibition occupies 100,000 square feet. I can put that figure in perspective for you by noting that the average exhibition at the recent World's Fair in Vancouver was less than one-fifth that size—only about 18,000 square feet. This brings to mind the fact that Saudi Arabia itself is a huge country—as big as the United States east of the Mississippi, and extremely diverse. It has mountain ranges with fertile, terraced farming areas which rise 10,000 feet into cool, misty air only a brief flight from isolated, hot desert palm groves and sand dunes which defy imagination.

It is a nation deprived of essential traditional water sources yet surrounded by some of the world's most beautiful bodies of water. It is a nation possessing 25 percent of the world's known petroleum reserves with whom the United States has cooperated on some of the world's most innovative solar energy projects.

It is a country of strong traditional values concerning family and religion which has reached out time and time again to take advantage of the latest and most challenging technology to improve the lives of its people and assure them a prominent place in the world community in the coming centuries.

The exhibition, Saudi Arabia Yesterday and Today, brings life and meaning to the story of Saudi Arabia, an ancient land that through inspired leadership, careful planning and determination has become almost overnight a modern country. It brings Saudi Arabia to our doorsteps; no small achievement.

What will you see at this amazing exhibition? Let me give you a few examples. First, you will see how Saudi Arabians live. Photomurals show them at home, at work, at school, and at play. You will visit a Bedouin encampment so realistically presented that I am told you may think you feel the hot desert wind brush your cheeks. You will see some of the world's most intricate models—reproductions of Islam's Holy Mosques in Makkah and Medinah. The massive silver and gold doors which once hung on the Kabbah in Makkah's grand mosque have been shipped here for the exhibition along with the Kiswah cloth which once draped the Kabbah.

You will learn how the Kingdom provides free medical services and state-of-the-art hospitalization to all its citizens, free education through the university level, modern housing, transportation and communications systems.

You will see craftsmen at work and dancers with swords swaying above their heads as they perform the Ardha, Saudi Arabia's national dance.

There are special treats on Mondays for children—a storyteller and a favor. Seniors are invited to organize special visits on Tuesday. And there is a 400-seat theater with a laser show which will dazzle the curious as it tells the story of the Kindgom's development.

In short, there is something for everyone. Frankly, I think we are privileged to have the exhibition open its U.S. tour here in Washington. It will later go to Atlanta, Dallas, New York, and Los Angeles. I am pleased to have this opportunity to bring the exhibition, Saudi Arabia Yesterday and Today, to your attention and to express my own personal appreciation to King Fahd and officials of the Kingdom for their thoughtfulness and their generosity in

bringing Saudi Arabia to our doorsteps. I intend to be at the exhibition on opening day.

FIFTEEN YEARS AGO TODAY: THE DECISION OF THE UNITED STATES VERSUS RICHARD M. NIXON

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. STARK. Mr. Speaker, 15 years ago today the U.S. Supreme Court ruled in favor of the Constitution in the case of the United States versus Richard Nixon.

The Court ruled that Nixon must provide tapes and documents of 64 White House conversations subpoenaed by special Watergate prosecutor Leon Jaworski. The tapes related to the pending trials of six former White House aides.

The question ruled upon in the case focused on the right of the President to use Presidential privilege as a way of withholding subpoenaed documents and materials necessary to convict six former White House aides.

Chief Justice Warren Burger, a Nixon appointee, wrote that a general claim of executive privilege is normally valid in most situations. The Court noted that regulations establishing the independence of Jaworski's office gave him the ability to request all documents relevant to a pending criminal investigation through the proper channels. Under the circumstances an assertion of executive privilege "must yield to the demonstrated, specific needs for evidence in a pending criminal trial." It was ruled that Jaworski had sufficiently proven the necessity of the 64 conversations.

The White House had argued that the separation of powers should protect the White House from the possibility of judicial review over a claim of Presidential privilege. Burger countered this by citing the decision in the case of Marbury versus Madison, 1803. While each branch's interpretation of its own role "is due great respect from the others," the Supreme Court is the only branch that has the ability to "say what the law is." Power granted to the Court by the Constitution cannot be shared by any other branch.

We should commemorate this 15th anniversary of a keystone opinion upholding our Constitution and ensuring that this is a nation of laws.

A TRIBUTE TO THE RONALD McDONALD HOUSE OF DETROIT

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. BROOMFIELD. Mr. Speaker, I rise to pay tribute to the Ronald McDonald House of Detroit, which is celebrating its 10-year anniversary on November 3, 1989.

The Ronald McDonald House, which is located next to Childrens' Hospital of Michigan, is a temporary residency for family members of children treated at Childrens' Hospital. This facility provides the support and encouragement often needed by the families during what can be a very emotional time.

The Ronald McDonald House began as an idea first presented by Fred Hill, a Phildelphia Eagles football player, when his daughter, diagnosed with leukemia, was at Philadelphia's Childrens' Hospital for treatment. The concept which Mr. Hill had in mind would keep family members close by while their children underwent the medical treatment they needed. Because of Fred Hill's vision, the first Ronald McDonald House opened in 1974.

With the help of owners and operators of McDonald Restaurants throughout Michigan, the Detroit Ronald McDonald House was established in 1979. It is now owned and operated by the Childrens' Oncology Services of Michigan, Inc., which is a nonprofit organization. In 1979 the Detroit House was the 11th such house to be built. Today there are 110 existing Ronald McDonald Houses throughout the United States.

I am pleased to honor and recognize the Detroit Ronald McDonald House for the continuing service and dedication it provides for the community. I wish the Ronald McDonald House much success and best wishes on this its 10-year anniversary.

IN MEMORY OF WILLIAM H. FETRIDGE

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. PORTER. Mr. Speaker, when William H. Fetridge passed away recently, the people of Illinois and the Nation lost one of our most dynamic civic, business, and political leaders. He was one of those rare individuals whose personal enthusiasm and drive inspired excellence in everyone around him.

Following his graduation from Northwestern University at the outset of the Depression, he focused his energies on politics. Joining forces with W. Clement Stone and Illinois State Senator W. Russell Arrington, in 1929 he cofounded the Evanston Young Republican Club. As a young man growing up in Evanston, the YR organization had a profound influence on my life and on the lives of some many other young men and women who wanted to be involved in our political system. The Evanston YR's owe a lasting debt to Bill Fetridge, for from the seeds he planted the organization grew to one of the nation's largest and most vibrant political groups for young people. In fact, when I served as its president in 1968–69, the Evanston YR's numbered 450 members and were so strong that candidates for statewide office regularly came before us seeking endorsement.

After his service as a Navy lieutenant commander during World War II, Bill Fetridge earned his law degree from Central Michigan University. An extraordinary business leader whose career spanned over four decades, he was executive vice-president for Popular Mechanics magazine and Diamond T. Motor Truck Co. From 1965 until his death, he was chairman of Dartnell Corp.

His work on behalf of his party is legend. As a member of the Republican National Finance Committee and as president of the United Republican Fund of Illinois, he worked tirelessly to secure financial support for candidates at every level of government.

But he will perhaps be best remembered for his leadership in scouting, where he demonstrated his commitment to and genuine care for the youth of America and the world. As vice president of the Boy Scouts of America from 1958 to 1976, and vice-chairman of the World Scout Federation from 1977 to 1988, he went around the world in support of scouting. It can be fairly said that the expansion and excellence of scouting today is due in no small part to his efforts.

Although it would have been logical and even expected for him to seek public office, Bill Fetridge never ventured into the political spotlight himself and reserved most of his energies for scouting, family, and others. Asked why Bill never was a candidate for elected office, his son-in-law Harvey Bundy said that he "was soft spoken and a good listener and probably would have made a very good politician. He stayed instead on the periphery because his commitment to his family and to scouting never allowed him sufficient time. His two big activities were politics and scouting, and he did very well with them. He was extraordinarily good with people."

Not only good with people—he was good for them. We have lost a great man from our midst, and we shall miss him.

SPECIAL RECOGNITION TO THE UNITED FIRST PARISH CHURCH IN QUINCY, MA

HON. BRIAN J. DONNELLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. DONNELLY. Mr. Speaker, I would like to take this opportunity to congratulate the Reverend Sheldon Bennett and the congregation of the United First Parish Church (Unitarian) in Quincy, MA, on celebrating their 350th anniversary.

On September 26, 1639, eight people gathered in Quincy to establish a new branch of the Church of Christ. Their covenant was renewed, and the church regathered as an independent church. The separation of the First Parish Church from the Church of Christ in Boston marked the establishment of the 15th independent church in the Massachusetts Bay Colony.

The First Parish Church was built of granite that was quarried from the Adams estate and is regarded as one of the finest examples of Greek revival architecture from the Federal period. In 1666, a second meeting house was established and on October 8, 1732, the third (Hancock) meeting house was dedicated.

By November of 1828, the congregation's fourth and present edifice had been dedicated. That same year, the mortal remains of our country's first Vice President and second President, John Adams, and those of his wife Abigail, were transferred from the Hancock Cemetery in Boston and were placed in tombs

that were erected in their honor by the First Parish Church in Quincy.

In 1852, the remains of our sixth President, John Quincy Adams, and his wife, Louisa Catherine, were also transferred from the Hancock Cemetery to the First Parish Church. These Presidents are two of the most important men in American history, and the site of their final burial place is as significant in the eyes of many historians.

Today, more than 185 people continue the legacy of the 8 that met 350 years ago. The members of this congregation help to preserve the ideals of those colonists who chose to break away from the religious persecution that they had been suffering.

This anniversary is a joyous occasion. The United First Parish Church plays an important role in the making of the community of Quincy and in the history of the city itself. Outside of the Arlington National Cemetery, the United First Parish Church is the only place where two Presidents are interred. This church's doors are open not only to its parishioners, but also to the hundreds of people that visit the Adams national historic site every year.

CHRISTOPHER COLUMBUS—HONORARY CITIZEN OF THE UNITED STATES

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. SMITH of New Jersey. Mr. Speaker, today I am introducing legislation which would posthumously proclaim Christopher Columbus to be an honorary citizen of the United States. This bill is identical to House Joint Resolution 275, which I introduced in the 99th Congress, and which received 62 cosponsors.

As you know Mr. Speaker, honorary citizenship is a unique and distinct recognition which has been carefully limited in the past 213 years. In that time only four people have been recipients of this great privilege. This class of honorary citizens includes Winston Churchill, William and Hannah Penn, and Raoul Wallenberg; all individuals who have been appropriately recognized for their immense contributions to American and world history. World explorer, Christopher Columbus, is certainly qualified to join this distinguished list of honorary citizens of the United States.

Mr. Speaker, in 1492, Christopher Columbus set out, against all odds, to explore the unknown world around him. As the first explorer to officially record his discoveries, of what is now the Western world Christopher Columbus enhanced his generation's willingness and ability to understand and explore their neighboring environments. His valiance, his commitment, his perseverance and his wisdom, enabled Columbus to "quest west" and open the world to a generation of scientists, geographers, and explorers who then began to define the world as we know it today.

Our Nation continues to recognize Christopher Columbus' contributions through annual observance days, selecting his name for community titles, and soon, with the celebration of his 500th anniversary. It is only fitting that we now complete our recognition of his contributions to American history, by selecting him for honorary citizenship.

Mr. Speaker, in 3 years we will celebrate the 500th anniversary of Christopher Columbus' historic journey to America. I would urge all of my colleagues to join with me in making this celebration complete, by making Christopher Columbus an honorary citizen of the United States.

PIONEER DAY

HON. RICHARD H. STALLINGS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. STALLINGS. Mr. Speaker, in numerous communities along the Rocky Mountains and all over the world the sounds of celebration and excitement are echoing loudly today. It's July 24—Pioneer Day—a day to remember and pay respect to those who settled and colonized the West.

On this day, 142 years ago, the great Mormon pioneer—Brigham Young—led the first group of settlers into the Salt Lake Valley and declared, "This is the place" for the establishment of a Mormon community. Having been hated and persecuted for their religious beliefs in the East, the Mormons finally packed up and headed westward. Following the trails of other courageous pioneers who went before them, they came by the thousands, enduring the harshness of the untamed land: the wild animals, the warring Indians, extreme weather, sickness, and death. Whether they pulled a handcart, drove a covered wagon, or simply walked, these pioneers came with a determination and a fighting spirit which stirs admiration in the hearts of all who are familiar with their trek.

This pioneer spirit was poignantly demonstrated in a true story that involved a group of settlers coming across the plains. Caught in an early winter blizzard, a wagon train coming to Utah was stranded on the banks of the Sweetwater River. Too exhausted and cold to forge the river, the Mormon expedition was in danger of succumbing to the elements. Hearing of their plight, Brigham Young sent a small group of volunteers from Salt Lake City to rescue them. Upon reaching the stalled pioneers, three young men named Grant, Kimball, and Huntington bravely carried every member of the wagon train across the swollen and ice-filled river. They valiantly saved the lives of their brothers and sisters. Shortly thereafter each of these young men died due to exposure. When Brigham Young heard of this loving and courageous act, he tearfully claimed that each of those young men would live with God again. These young men characterized the pioneering spirit of Christian service. I believe that spirit still exists today.

On Pioneer Day, we remember the sacrifices of those men and women who boldly opened new territory and who tamed the wilderness in order that we can enjoy it so much today. We cannot thank them enough for their efforts. These pioneers colonized much of the West and helped to lay the foundation for my State of Idaho. Descendants of the pioneers pay tribute to their ancestors on this special day. May the pioneer spirit continue with us all.

HONORING 4-H ON IT'S 75TH ANNIVERSARY IN CALIFORNIA

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. FAZIO. Mr. Speaker, I rise today to pay tribute to an outstanding organization which has served California's youth in the highest capacity for 75 years. The 4-H organization seeks to help our young people develop into responsible, self-directed, productive citizens, and to improve the well-being of youth in our society through education in agriculture, conservation and economics.

The 4-H mission to serve young adults is accomplished through the development and support of leadership teams of staff volunteer leaders, youth and others who conduct education projects in our communities. They organize 4-H clubs, after-school events, community service projects and career exploration.

The California 4-H is administered by cooperative extension at University of California campuses at Davis, Riverside, and Berkeley and in 57 counties in cooperation with the local board of supervisors; 4-H activities are responsible for the training of many people who serve in leadership capacities, including many who serve and have served at a local, State and national level.

The 4-H provides youngsters with an environment in which they may flourish. I applaud the efforts of 4-H and congratulate this superb organization for its outstanding service to our future leaders for 75 years.

A TRIBUTE TO HANK GREENSPUN

HON. JAMES H. BILBRAY

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. BILBRAY. Mr. Speaker, it is with great sorrow that I rise today to pay tribute to an outstanding Nevadan, Hank Greenspun, who died Saturday, July 22, 1989, after fighting a valiant year-long battle with cancer. His death has brought an outpouring of sympathy and respect not only throughout Nevada, but across the country and around the world as well.

A dominant figure in Nevada for more than four decades, Hank Greenspun, founder of the Las Vegas Sun newspaper, was one of the Nation's few remaining publisher-crusaders, and his passing represents the end of an era in Nevada journalism.

Described by many as the ultimate Las Vegan, Hank has been an instrumental player in helping to shape the community as we know it today. I have known him since I was a boy; he was a close family friend. He was respected by all members of the community from local leaders and prominent Las Vegas

businessmen to longtime subscribers to the Las Vegas Sun. Renowned as a journalist, he was one of the best writers and columnists in the State. He was a man of unbending conviction who would never spare an effort or a sacrifice, to fight for a cause or a people.

Born August 27, 1909, in Brooklyn, NY, Hank's reputation and deeds reached across the world. He attended St. John's College and graduated from St. John's school of law with an LL.B. in 1934. He was a member of the New York Bar Association, and briefly practiced in New York. When World War II broke out, he enlisted in the U.S. Army in 1941. He was awarded the Croix de Guerre with silver star, and received commendations from Gen. Dwight Eisenhower as well as the Conspicuous Service Cross of the State of New York and other battle stars. He served with General Patton's Third Army, advancing through France and Germany.

An adventurer and a crusader, Hank risked the possibility of imprisonment to support the founding of the State of Israel. His commitment to Jewish survival was strong; he was determined to return life to the Jewish people after they were almost wiped out by Hitler. In late 1947 he was recruited by the Haganah to defend Jews against Arab invaders and to help smuggle equipment and machine guns into the newly partitioned State of Israel. Convicted on gun-running charges, he temporarily lost his U.S. citizenship; however, he was pardoned by then President John F. Kennedy in 1961 and his citizenship was restored. Israeli Finance Minister Shimon Peres called Hank Greenspun a hero of the people of Israel and a man of great spirit who fought with his mind, his heart and his soul with great conviction and commitment.

Hank moved to Las Vegas in 1946 where he edited a magazine, "Las Vegas Life." He later became public relations director at the Flamingo Hotel. He bought the Las Vegas Free Press, a small newspaper in 1950. Two weeks later, the publication was renamed the Las Vegas Sun.

Hank played a key role in the integration of the Las Vegas strip in the 1950's, where he gained national prominence in testifying before the Kefauver Committee in the U.S. Senate, which was investigating the Nation's organized crime. He also took a courageous stand against Sen. Joseph McCarthy as a wave of anticommunism swept the country.

Steadfast in his belief that Las Vegas was a thriving, attractive community for visitors and residents alike, Hank Greenspun was an early supporter of construction of a convention center. His earlier acquaintance with industrialist Howard Hughes help put Las Vegas on the Big Board. Hughes' purchases of several major Las Vegas hotels added the legitimacy the city needed.

Hank founded the city's first commercial television, KLAS-TV, and also started Prime Cable, the country's largest cable TV franchise. His was unrelenting in pursuit of his adversaries and in defense of his friends. In the 1980's he took on the IRS and FBI in defense of then Federal Judge Harry Claiborne, testifying before Congress on his behalf at the proceedings, claiming the judge was the victim of an overreaching Federal Government.

He has received numerous honors for his years of service to the state and community which he loved. He received an honorary degree of doctor of humane letters from UNLV in 1977. He has won many civic awards as well as the highest honors from the State of Israel. He was a member and past president of the Nevada State Press Association, member of numerous professional organizations including the Overseas Press Club, American Newspaper Publishers Association, American Society of Newspaper Editors. In addition, he belonged to the International Platform Association, Friar's Club, Variety Club, Veterans of Foreign Wars, Disabled American Veterans, and the American Legion. He was a past president of the Federal Bar Association, Nevada chapter.

Mr. Speaker, Hank Greenspun has left a lasting impression on the State of Nevada. I urge my colleagues to join me today in paying tribute to one of the giants of Nevada. Hank Greenspun has left a lasting impresson on the State of Nevada; his legacy will long survive him.

My heartfelt condolences to his wife Barbara and his entire family.

MEXICO AND CREDITOR BANKS REACH AGREEMENT

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. PEASE. Mr. Speaker, late last night Mexico and its creditor banks reached agreement on a debt-reduction package. The Washington Post reports that "the agreement calls for a 35-percent reduction in the principal of the $54-billion total owed to private banks, a reduction in the interest rate on the remaining debt to about 6.25 percent and fresh loans of about $3 billion a year for the next 4 years."

If press reports are accurate, I am very pleased with the deal that Mexico and the banks struck. It should provide Mexico with some needed relief from the crippling debt payments it has made monthly for most of this decade. Given that Mexico has been a model debtor—making its payments on time while undergoing significant economic restructuring—no country is more deserving of debt relief.

Mexico has made enormous strides toward making its economy more market-oriented. Mexican leader realized that the Nation's economic future lay in penetrating foreign markets and exposing domestic firms to international competition. Having committed themselves to this bold new initiative, they began putting the pieces in place.

In 1986, Mexico launched its new strategy by joining the General Agreement on Tariffs and Trade [GATT]. The following year, Mexico signed a bilateral trade and investment framework agreement with the United States. Under the framework agreement, the United States and Mexico agreed to engage in frequent bilateral talks on key issues, such as intellectual property rights, electronics, and services, and to settle disputes in a systematic fashion. Encouraged by the successful negotiation of the United States-Canada Free-Trade Agreement [FTA], Mexico has even displayed some openness to the idea of a United States-Mexico FTA.

United States exporters entering the Mexican market face far fewer restrictions today than ever before. Mexican tariffs, which once were as high as 100 percent, now top out at 20 percent. Import licenses, previously required for most products imported into Mexico, remain on less than 3 percent of all tariff categories. Official prices, once the bane of U.S. exporters, are gone, and so is the 5-percent export development tax. Timothy Bennett, former Deputy Assistant U.S. Trade Representative for Mexico, calls these reforms "the most substantial amount of trade liberalization undertaken by any country in the past 3 years. Mexico has achieved more than anyone on either side of the border imagined possible."

Debt relief should allow Mexico to make more productive use of its resources, including the purchase of capital goods from the United States. If it invests wisely, Mexico should begin to see the fruits of its economic liberalization policies.

I hope that the agreement between Mexico and the banks will spur action with other-debt-ridden countries, such as Venezuela and Argentina. Without debt relief, these countries will remain economically morbibund and incapable of purchasing U.S. products. I urge the Bush administration to maintain pressure on the commercial banks so that we can achieve agreements with other deserving nations across the globe.

INTRODUCTION OF THE FLAG PROTECTION ACT OF 1989

HON. JACK BROOKS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. BROOKS. Mr. Speaker, today, along with my colleague Congressman DON EDWARDS of California, I am introducing the Flag Protection Act of 1989. This legislation will amend section 700 of title 18 of the United States Code in response to the Supreme Court's decision in Texas versus Johnson. As I am sure all of my colleagues are aware, that decision held that a Texas flag protection statute was unconstitutional as applied to the conduct of an individual in burning a flag at the Republican National Convention in Dallas in 1984.

The Texas statute which the court held invalid made it a crime to "deface, damage, or otherwise physically mistreat an American flag in a way that the actor knows will seriously offend one or more persons likely to observe or discover his action." The Court held that the State law, which covered only offensive flag burnings, was related to the suppression of free expression and, thus, violated the first amendment.

The Supreme Court decision in Texas versus Johnson also called into question the constitutionality of the Federal flag protection law, 19 U.S.C. section 700. That law as now

written makes it a crime to cast contempt upon the U.S. flag by publicly mutilating, defacing, defiling, burning, or trampling upon it.

Following the Supreme Court's decision, our Subcommittee on Civil and Constitutional Rights has held five hearings on the question of the appropriate response to that decision. On the basis of that record, it is my firm belief that a statute punished flag burning and other physical assaults on the flag can be drafted in a way that is consistent with Texas versus Johnson.

The Flag Protection Act of 1989 which I am introducing today amends current law to protect the physical integrity of American flags in all circumstances, regardless of the motive or political message of any flag burner. It strips from current law any language that is content-specific or that focuses on communication. It also includes a specific exception for the disposal of worn or soiled flags.

Mr. Speaker, my concern is that we put in place as quickly as possible a mechanism that will protect the physical integrity of the flag. To that end, the bill that I am introducing today includes a provision for expedited Supreme Court review of the constitutionality of this law. This language is similar to expedited review language that was included in the Gramm-Rudman-Hollings law.

Mr. Speaker, I hope that all of my colleagues who share my concern about the physical integrity of the flag will join me in helping to move this bill through the legislative process as quickly as possible.

THE GLOBAL CHANGE RESEARCH ACT OF 1989

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 1989

Mr. ROE. Mr. Speaker, today along with my colleagues, Representative, JAMES SCHEUER, RALPH HALL, and GEORGE BROWN, I am introducing the "Global Change Research Act of 1989." This legislation responds to the need for improvement in the coordination of Federal global change research programs, as well as for international and intergovernmental interaction.

National and international interest in global environmental issues has increased markedly over the past year. Federal agencies, including NASA, NOAA, NSF, EPA, DOE, and others—agencies under the jurisdiction of the Science, Space, and Technology Committee which I chair—are boosting ,their global change research efforts. International leaders including Mrs. Thatcher, Mr. Mitterrand, and Mr. Gorbachev have publicly announced their deep concern that human activities are threatening our global environment. President Bush has stated that he plans to hold an international workshop in the fall in the United States to assess the financial, economic, technical, and legal issues for responding to climate change. And at the recent economic summit in Paris, global environmental issues figured prominently in the discussions.

Historically, the Science, Space, and Technology Committee has taken an active role in global environmental problems such as global climate change. For example, it was the first committee in the 1970's to hold hearings on the "greenhouse effect." The committee is also highly interested in international cooperative efforts to solve global problems and to exchange scientific information.

Current legislative authority for coordinating Federal global climate change research programs rests with the National Climate Program Office [NCPO] in the National Oceanic and Atmospheric Administration. The NCPO has traditionally fulfilled its coordination responsibilities on a somewhat ad hoc basis. Although this approach may have been appropriate in the past, the recent surge in national and international attention to global environmental issues has created the need to develop a more formal coordination mechanism.

In response to this need, the Committee on Earth Sciences [CES], formed by a Presidential directive in 1986 as part of the Federal Coordinating Council on Science, Engineering and Technology, has assumed much of the coordination responsibility. Representatives of many Federal agencies have been active in CES under the chairmanship of Dallas Peck, Director of the U.S. Geological Survey. Although the CES has no legislative mandate, it has begun to function as a central coordinating committee for Federal global change research efforts and has represented the United States in international meetings. However, some concerns have been raised that CES as presently organized, may not have sufficient authority and resources to carry out its mission.

Title I formally establishes the CES, transfers responsiblility for Federal global change research coordination from the NCPO to the CES, and provides CES with an executive director and personnel needed to carry out the National Global Change Research Program established in the bill. Title II of the bill directs the administration to work toward two international protocols. The first protocol, in global change research, would be aimed at spreading the costs for major research programs throughout the industrialized world and at providing training and research opportunities for developing world scientists. The second agreement would be focused on the development of environmentally safe energy technologies, particularly those appropriate to the developing world.

Developing national policies and programs for predicting, preventing, mitigating, and adapting to global change must be based on solid scientific research, and it is critical that the United States assume a leadership position in undertaking this rigorous interdisciplinary scientific research effort. It is also crucial that the U.S. research effort be conducted in close coordination with international programs. This legislation provides an excellent framework for achieving these objectives, and I urge my colleagues to support the bill that my colleagues and I have introduced.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, July 25, 1989, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

JULY 26

9:00 a.m.

Labor and Human Resources

Business meeting, to mark up S. 543, "JTPA Youth Employment Amendments of 1989", S. 933, "Americans with Disabilities Act", proposed legislation authorizing funds for programs of the Domestic Volunteer Service Act, proposed legislation authorizing funds for construction of a mouse breeding facility, and the nomination of William C. Brooks, of Michigan, to be an Assistant Secretary of Labor.

SD-430

Special on Impeachment Committee

To continue evidentiary hearings in the matter relating to the impeachment of Judge Alcee L. Hastings.

SH-216

9:30 a.m.

Energy and Natural Resources

Business meeting, to mark up S. 712, to provide for a referendum on the political status of Puerto Rico.

SD-366

10:00 a.m.

Foreign Relations

Terrorism, Narcotics and International Operations Subcommittee

To hold hearings on U.S.-Cuba narcotics issues.

SD-419

Governmental Affairs

Business meeting, to consider pending calendar business.

SD-342

Judiciary

Courts and Administrative Practice Subcommittee

To hold hearings on S. 46, to prevent electric utilities from using the reorganization provisions of the bankruptcy code to circumvent State laws governing rates and other matters.

SD-226

11:30 a.m.

Judiciary

To hold hearings on the nomination of Richard B. Stewart, of Massachusetts, to be Assistant Attorney General for

the Lands and Natural Resources Division, Department of Justice.
SD-226

1:00 p.m.
Foreign Relations
Terrorism, Narcotics and International Operations Subcommittee
To hold closed hearings on U.S.-Cuba narcotics issues.
S-116, Capitol

1:30 p.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold hearings on S. 1067, to provide for a coordinated Federal research program to ensure continued United States leadership in high-performance computing.
SR-253

Special on Impeachment Committee
To continue evidentiary hearings in the matter relating to the impeachment of Judge Alcee L. Hastings.
SH-216

2:00 p.m.
Foreign Relations
European Affairs Subcommittee
To hold hearings on U.S. policy toward Eastern Europe.
SD-419

Judiciary
Patents, Copyrights and Trademarks Subcommittee
Business meeting, to mark up S. 198, to protect certain computer programs, S. 497, to provide that any State or State instrumentality is liable for infringement of copyrights and infringement of exclusive rights in mask works to the same extent as any non-governmental entity, S. 459, to provide for the use of inventions in outer space, S. 1271, to change the fee schedule of the Copyright Office and make certain technical amendments, and S. 1272, to reduce the number of commissioners on the Copyrights Royalty Tribunal, to provide for lapsed terms of such commissioners.
SD-562

Select on Intelligence
To hold closed hearings on intelligence matters.
SH-219

2:30 p.m.
Judiciary
To hold hearings on S. 993, to prohibit the development and production on biological weapons.
SD-226

3:30 p.m.
Energy and Natural Resources
To hold hearings on the formulation of a national energy plan and related policies which affect global climate change.
SD-366

JULY 27

9:00 a.m.
Select on Indian Affairs
Business meeting, to mark up S. 321, to revise provisions of law that provide a preference to Indians; to be followed by hearings on S. 143, to establish the Indian Development Finance Corporation, S. 1203, to encourage Indian economic development, and to hold oversight hearings on the implementation of the Indian Financing Act Amendments of 1988.
SR-485

Special on Impeachment Committee
To continue evidentiary hearings in the matter relating to the impeachment of Judge Alcee L. Hastings.
SH-216

9:15 a.m.
Veterans Affairs
Business meeting, to consider Committee prints of S. 13, the "Veterans' Benefits and Health Care Act of 1989" (incorporating provisions of S. 1158, S. 947, and numerous other bills); an original bill to provide for income-verification under VA needs-based benefits (with provisions derived from S. 1188); S. 190 (as amended by Amendment No. 110); and a Medicaid Construction Resolution Amendment relating to the Boston Outpatient Clinic.
SR-418

9:30 a.m.
Energy and Natural Resources
Business meeting, to continue markup of S. 712, to provide for a referendum on the political status of Puerto Rico.
SD-366

Joint Economic
To resume hearings on the midyear economic outlook.
2359 Rayburn Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Research and General Legislation Subcommittee
To hold hearings on the funding of agricultural research programs.
SR-332

Commerce, Science, and Transportation
Foreign Commerce and Tourism Subcommittee
To hold hearings on Japanese space industry activities.
SR-253

Foreign Relations
Terrorism, Narcotics and International Operations Subcommittee
To hold hearings on the Inspector General's report on international narcotics controls programs in Peru and Boliva.
SD-419

Judiciary
Business meeting, to consider pending calendar business.
SD-226

Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To resume hearings on S. 1109, authorizing funds through fiscal year 1995 for programs of the Carl D. Perkins Vocational Education Act.
SD-430

1:00 p.m.
Energy and Natural Resources
Public Lands, National Parks and Forests Subcommittee
To hold hearings on S. 286, to establish the Petroglyph National Monument in the State of New Mexico, and S. 798, designating the Chaco Culture Archaeological Protection Sites.
SD-366

1:30 p.m.
Special on Impeachment Committee
To continue evidentiary hearings in the matter relating to the impeachment of Judge Alcee L. Hastings.
SH-216

2:00 p.m.
Environment and Public Works
To hold hearings on the nominations of Linda J. Fisher, of Ohio, to be Assistant Administrator for Toxic Substances, Timothy B. Atkeson, of Pennsylvania, to be Assistant Administrator for International Affairs, and J. Clarence Davies, to be Assistant Administrator for Policy, Planning, and Evaluation, all of the Environmental Protection Agency.
SD-406

Judiciary
Constitution Subcommittee
To hold hearings on S.J. Res. 2, S.J. Res. 9, and S.J. Res. 12, measures proposing amendments to the U.S. Constitution relating to a Federal balanced budget.
SD-226

4:00 p.m.
Judiciary
Constitution Subcommittee
Business meeting, to mark up S.J. Res. 2, S.J. Res. 9, and S.J. Res. 12, measures proposing amendments to the U.S. Constitution relating to a Federal balanced budget.
SD-226

5:30 p.m.
Agriculture, Nutrition, and Forestry
Business meeting, to resume consideration of recommendations which it will make to the Committee on the Budget with respect to spending reductions and revenue increases to meet reconciliation expenditures as imposed by H. Con. Res. 106, setting forth the congressional budget for the U.S. Government for fiscal years 1990, 1991, and 1992, and proposed legislation authorizing funds for child nutrition programs and for the Women, Infants, and Children program.
SR-332

JULY 28

10:00 a.m.
Finance
Energy and Agricultural Taxation Subcommittee
To hold hearings on the tax treatment of debts that are cancelled when farmers attempt to restructure their loans.
SD-215

JULY 31

8:00 a.m.
Commerce, Science, and Transportation
To hold hearings on the nominations of Janet D. Steiger, of the District of Columbia, and Deborah Kaye Owen, of Maryland, each to be a Federal Trade Commissioner.
SR-253

9:00 a.m.
Energy and Natural Resources
Mineral Resources Development and Production Subcommittee
To hold hearings on S. 30 and H.R. 2392, bills relating to oil shale mining claims.
SD-366

9:30 a.m.
Special on Impeachment Committee
To resume evidentiary hearings in the matter relating to the impeachment of Judge Alcee L. Hastings.
SH-216

1:30 p.m.
Special on Impeachment Committee
To continue evidentiary hearings in the matter relating to the impeachment of Judge Alcee L. Hastings.
SH-216

2:00 p.m.
Banking, Housing, and Urban Affairs
Consumer and Regulatory Affairs Subcommittee
To hold oversight hearings on enforcement of the Community Reinvestment Act (CRA).
SR-538

Energy and Natural Resources
To hold hearings on S. 972 and S. 1304, bills relating to the Department of Energy's efforts to operate and manage its atomic energy defense activities in a safe and environmentally sound manner.
SD-366

AUGUST 1

9:00 a.m.
Special on Impeachment Committee
To continue evidentiary hearings in the matter relating to the impeachment of Judge Alcee L. Hastings.
SH-216

9:30 a.m.
Environment and Public Works
Superfund, Ocean and Water Protection Subcommittee
To hold hearings on the seriousness and extent of ground water contamination problems.
SD-406

10:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Production and Stabilization of Prices Subcommittee
To hold hearings on proposed legislation to strengthen and improve U.S. agricultural programs, focusing on livestock and poultry.
SR-332

Judiciary
To hold hearings on S. 1338, S.J. Res. 179, and S.J. Res. 180, measures to protect the physical integrity of the flag of the United States.
SR-325

2:00 p.m.
Special on Impeachment Committee
To continue evidentiary hearings in the matter relating to the impeachment of Judge Alcee L. Hastings.
SH-216

Joint Economic
To resume hearings on the midyear economic outlook.
2359 Rayburn Building

2:30 p.m.
Agriculture, Nutrition, and Forestry
Agricultural Credit Subcommittee
To resume oversight hearings on the Farmers Home Administration implementation of the Agriculture Credit Act of 1987 (P.L. 100-233).
SR-332

AUGUST 2

9:00 a.m.
Commerce, Science, and Transportation
Communications Subcommittee
To hold hearings on S. 1009, S. 743, and S. 744, bills relating to the purchase of broadcasting time by candidates for public office.
SR-253

Special on Impeachment Committee
To continue evidentiary hearings in the matter relating to the impeachment of Judge Alcee L. Hastings.
SH-216

9:30 a.m.
Governmental Affairs
To hold oversight hearings on certain programs of the Department of Energy.
SD-342

1:30 p.m.
Special on Impeachment Committee
To continue evidentiary hearings in the matter relating to the impeachment of Judge Alcee L. Hastings.
SH-216

AUGUST 3

9:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Production and Stabilization of Prices Subcommittee
To hold hearings on proposed legislation to strengthen and improve U.S. agricultural programs, focusing on wool and honey.
SR-332

Special on Impeachment Committee
To continue evidentiary hearings in the matter relating to the impeachment of Judge Alcee L. Hastings.
SH-216

9:30 a.m.
Commerce, Science, and Transportation
To hold hearings in conjunction with the National Ocean Policy Study on coastal zone management.
SR-253

Commerce, Science, and Transportation
Aviation Subcommittee
To hold hearings on airline pilot supply.
SR-301

1:30 p.m.
Special on Impeachment Committee
To continue evidentiary hearings in the matter relating to the impeachment of Judge Alcee L. Hastings.
SH-216

AUGUST 4

9:00 a.m.
Special on Impeachment Committee
To continue evidentiary hearings in the matter relating to the impeachment of Judge Alcee L. Hastings.
SH-216

1:30 p.m.
Special on Impeachment Committee
To continue evidentiary hearings in the matter relating to the impeachment of Judge Alcee L. Hastings.
SH-216

SEPTEMBER 14

9:30 Governmental Affairs
To hold hearings on S. 1165, to provide for fair employment practices in the U.S. Senate and U.S. House of Representatives.
SD-342

SEPTEMBER 19

9:00 a.m.
Agriculture, Nutrition, and Forestry
Conservation and Forestry Subcommittee
To hold hearings on the protection of water quality.
SR-332

CANCELLATIONS

JULY 25

10:00 a.m.
Banking, Housing, and Urban Affairs
To hold hearings on the Federal Reserve's Second Monetary Policy Report for 1989.
SD-538

AUGUST 2

9:30 a.m.
Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on S. 870, to label consumer products containing substances that contribute to the depletion of the ozone layer in the upper atmosphere, to regulate the sale, distribution, and use of such substances in consumer products and services in and affecting interstate commerce, and to recapture and recycle such substances.
SR-253