HOUSE OF REPRESENTATIVES—*Thursday, September 13, 1990*

The House met at 10 a.m. and was called to order by the Speaker pro tempore [Mr. LEVINE of California].

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
September 13, 1990.

I hereby designate the Honorable MEL LEVINE to act as Speaker pro tempore today.

THOMAS S. FOLEY,
Speaker of the House of Representatives.

PRAYER

Rabbi Jay Marcus, rabbi for the Young Israel of Staten Island and director of Genesis Foundation and the Western Wall Heritage Foundation, Staten Island, NY, offered the following prayer:

As we approach the Jewish New Year, Rosh Hashanah, we are challenged to look back at the year gone by. We are astounded at the cataclysmic changes and events that have transpired. What a remarkably momentous year.

We have witnessed the demise of communism and the budding of democracy in Eastern Europe, the shattering of the Berlin Wall and the reunification of Germany, the mass emigration of Jews from the Soviet Union to America and Israel and the ugly rise of anti-Semitism in Russia and Eastern Europe, the continued emigration of Ethiopian Jews to Israel and Iraq's tragic invasion of Kuwait, the unprecedented economic blockade and military collaboration among the great powers and the Arab States.

How does one make sense of these events? What do they mean for the individual, for America and the world? We would posit that they are manifestations of God's hand in history. We cannot discern its direction, but we must believe that it is leading the nations of the world, and its people, toward an accommodation of differences, universal morality and an abiding peace. This belief is reinforced in the high holiday prayers.

On Rosh Hashanah we read:

Now, Lord our God, put Your awe upon all whom You have made, Your dread upon all whom You have created; let Your works revere You, let all Your creatures worship You; may they all blend into one brotherhood to do Your will with a perfect heart. For we know, Lord our God, that Yours is dominion, power and might, You are revered above all that You have created.

This prayer expresses the ideal of universal brotherhood and universal morality under the eyes of the universal God. Mankind is unable to solve all its problems alone.

Yesterday in New York major philanthropists overnight became paupers as the Japanese banks foreclosed on 43 major real estate buildings. Overnight magnates of real estate have been broken.

During these days of awe we realize that man's quest for power, and dominion and acts of aggression are puny, misguided and doomed to failure. We ask God that wickedness vanish like the smoke and to abolish the rule of tyranny on Earth. This is our dream, this is our hope, this is our prayer.

A moving story is told of an elderly Jewish woman who at the conclusion of the Rosh Hashanah service finds herself all alone with no one to exchange the customary Shana Tova, or good year, blessing. She reflects for a moment, and then steps to the front of the sanctuary and opens the ark. "I know who to wish a Shana Tova, a good year," she says. "I'll wish God a good year, but what can I wish Him? He has everything," and she smiles sweetly, looking at the ark and the Torah. "God, I wish You nachas, joy, satisfaction and pleasure from all Your children, from all of mankind."

Amen.

THE JOURNAL

The SPEAKER pro tempore. 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.

Mr. SCHULZE. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Chair's approval of the Journal.

The SPEAKER pro tempore. The question is on the Chair's approval of the Journal.

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

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

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 281, nays 103, answered "present" 1, not voting 47, as follows:

[Roll No. 328]

YEAS—281

Ackerman	Fish	Martinez
Anderson	Flake	Matsui
Andrews	Flippo	Mavroules
Annunzio	Foglietta	Mazzoli
Anthony	Ford (TN)	McCloskey
Applegate	Frank	McCollum
Aspin	Gaydos	McCrery
Atkins	Gejdenson	McCurdy
Barnard	Geren	McDermott
Bartlett	Gibbons	McEwen
Bateman	Gillmor	McHugh
Bates	Gilman	McMillan (NC)
Beilenson	Glickman	McMillen (MD)
Bennett	Gonzalez	McNulty
Berman	Gordon	Mfume
Bevill	Gradison	Miller (CA)
Bilbray	Grant	Mineta
Borski	Gray	Moakley
Bosco	Green	Molinari
Boucher	Guarini	Mollohan
Boxer	Gunderson	Montgomery
Brennan	Hall (OH)	Moody
Brooks	Hall (TX)	Moorhead
Broomfield	Hamilton	Morrison (WA)
Browder	Hammerschmidt	Mrazek
Brown (CA)	Harris	Murtha
Bruce	Hatcher	Myers
Bryant	Hayes (IL)	Nagle
Bustamante	Hayes (LA)	Natcher
Byron	Hefner	Neal (MA)
Callahan	Hertel	Neal (NC)
Campbell (CO)	Hoagland	Nelson
Cardin	Hochbrueckner	Nowak
Carper	Horton	Oakar
Carr	Houghton	Obey
Clarke	Hoyer	Olin
Clement	Hubbard	Ortiz
Clinger	Huckaby	Owens (NY)
Coleman (MO)	Hughes	Owens (UT)
Coleman (TX)	Hutto	Oxley
Collins	Hyde	Packard
Combest	Jenkins	Pallone
Conte	Johnson (CT)	Parker
Conyers	Johnson (SD)	Payne (NJ)
Cooper	Johnston	Payne (VA)
Costello	Jones (GA)	Pease
Coyne	Jones (NC)	Pelosi
Darden	Jontz	Penny
Davis	Kanjorski	Perkins
de la Garza	Kaptur	Petri
DeFazio	Kasich	Pickett
Dellums	Kastenmeier	Pickle
Derrick	Kennedy	Porter
Dicks	Kennelly	Poshard
Dingell	Kildee	Price
Donnelly	Kleczka	Pursell
Dorgan (ND)	Kolter	Rahall
Downey	Kostmayer	Ravenel
Duncan	LaFalce	Ray
Durbin	Lancaster	Richardson
Dwyer	Lantos	Rinaldo
Dymally	Laughlin	Ritter
Dyson	Lehman (CA)	Robinson
Early	Lehman (FL)	Roe
Eckart	Lent	Roth
Edwards (CA)	Levin (MI)	Rowland (CT)
Emerson	Levine (CA)	Rowland (GA)
Engel	Lewis (GA)	Roybal
Erdreich	Lipinski	Russo
Espy	Livingston	Sabo
Evans	Lloyd	Saiki
Fascell	Long	Sangmeister
Fazio	Lowey (NY)	Sawyer
Feighan	Luken, Thomas	Scheuer

Schiff	Solarz	Traxler
Schneider	Spence	Unsoeld
Schulze	Spratt	Valentine
Schumer	Staggers	Vento
Serrano	Stallings	Visclosky
Sharp	Stark	Volkmer
Shumway	Stenholm	Walgren
Shuster	Stokes	Walsh
Sisisky	Studds	Washington
Skaggs	Swift	Waxman
Skeen	Synar	Weiss
Skelton	Tallon	Weldon
Slattery	Tanner	Wheat
Slaughter (NY)	Tauzin	Wise
Smith (FL)	Taylor	Wolpe
Smith (IA)	Thomas (GA)	Wyden
Smith (NE)	Torres	Wylie
Smith (NJ)	Torricelli	Yates
Smith (VT)	Towns	Yatron
Snowe	Traficant	

NAYS—103

Armey	Hansen	Rhodes
Baker	Hastert	Ridge
Ballenger	Hawkins	Roberts
Barton	Hefley	Rogers
Bentley	Henry	Rohrabacher
Bereuter	Herger	Ros-Lehtinen
Bilirakis	Hiler	Roukema
Bliley	Holloway	Saxton
Boehlert	Hopkins	Schaefer
Brown (CO)	Inhofe	Schroeder
Buechner	Ireland	Schuette
Bunning	Jacobs	Sensenbrenner
Burton	James	Shays
Campbell (CA)	Kolbe	Sikorski
Chandler	Kyl	Slaughter (VA)
Clay	Lagomarsino	Smith (TX)
Coble	Leach (IA)	Smith, Robert (NH)
Courter	Lewis (CA)	Smith, Robert (OR)
Cox	Lightfoot	Solomon
Craig	Lowery (CA)	Stangeland
Dannemeyer	Machtley	Stearns
DeLay	Madigan	Stump
DeWine	Marlenee	Sundquist
Dickinson	Martin (IL)	Tauke
Douglas	Martin (NY)	Thomas (CA)
Dreier	McCandless	Thomas (WY)
Fawell	McGrath	Upton
Fields	Meyers	Vucanovich
Gallegly	Miller (WA)	Walker
Gallo	Nielson	Weber
Gekas	Parris	Whittaker
Goodling	Pashayan	Wolf
Goss	Paxon	Young (AK)
Grandy	Quillen	
Hancock	Regula	

ANSWERED "PRESENT"—1

Lukens, Donald

NOT VOTING—47

Alexander	Frost	Patterson
Archer	Gephardt	Rangel
AuCoin	Gingrich	Rose
Boggs	Hunter	Rostenkowski
Bonior	Leath (TX)	Sarpalius
Chapman	Lewis (FL)	Savage
Condit	Manton	Shaw
Coughlin	Markey	Smith, Denny (OR)
Crane	McDade	
Crockett	Michel	Udall
Dixon	Miller (OH)	Vander Jagt
Dornan (CA)	Morella	Watkins
Edwards (OK)	Morrison (CT)	Whitten
English	Murphy	Williams
Ford (MI)	Oberstar	Wilson
Frenzel	Panetta	Young (FL)

□ 1031

Mr. PAYNE of New Jersey changed his vote from "present" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore (Mr. WISE). The gentleman from Ohio [Mr. TRAFICANT] will lead the House in the Pledge of Allegiance.

Mr. TRAFICANT 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.

PERSONAL EXPLANATION

Mr. MORRISON of Connecticut. Mr. Speaker, I was unavoidably absent for rollcall No. 328, a vote for the Journal, rollcall No. 330, the Goodling amendment to the National Service Act, and rollcall No. 331, the conference report on the Energy Policy Conservation Act. Had I been here, I would have cast the following votes: "aye," "nay," and "aye."

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 2174. An act to provide for the establishment of the Mississippi River Corridor Study Commission, and for other purposes; and

H.R. 4501. An act to provide for the acquisition of the William Johnson House and its addition to the Natchez National Historical Park, and for other purposes.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 2809. An act to provide for the transfer of certain lands to the State of California, and for other purposes.

The message also announced, That the Senate disagrees to the amendments of the House to the bill (S. 566) "An Act to authorize a new Housing Opportunities Partnerships program to support State and local strategies for achieving more affordable housing; to increase homeownership; and for other purposes", request a conference with the House on the disagreeing votes of two Houses thereon, and appoints from the Committee on Banking, Housing, and Urban Affairs: Mr. RIEGLE, Mr. CRANSTON, Mr. SARBANES, Mr. DODD, Mr. DIXON, Mr. D'AMATO, Mr. HEINZ, Mr. BOND, and Mr. MACK; from the Committee on Labor and Human Resources, for title XIII only: Mr. KENNEDY, Mr. DODD, Ms. MIKULSKI, Mr. HATCH, and Mr. DURENBERGER; to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1805. An act to authorize the Secretary of the Interior to reinstate oil and gas lease LA 033164;

S. 2680. An act to provide for the conveyance of lands to certain individuals in Stone County, AR;

S. 3024. An act to require the Secretary of Agriculture to announce an acreage limitation program for the 1991 crop of winter wheat; and

S. 3023. An act to direct the Secretary of Agriculture to target Export Enhancement Program funds on the basis of whether or not the countries the United States is competing with have reduced plantings of the commodity in question an amount equal to the planting reductions in the United States.

RABBI JAY MARCUS

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

Mr. ACKERMAN. Mr. Speaker, I wish to thank Dr. Ford for permitting Rabbi Jay Marcus to lead the House of Representatives in prayer this morning.

Mr. Speaker, for the past 20 years, Rabbi Marcus has distinguished himself as an exemplary community leader, and as the dynamic spiritual leader of the Young Israel of Staten Island.

In addition, for the past 7 years, Rabbi Marcus has been the teacher and confidant of a number of our colleagues and their families. Under the sponsorship of the Genesis Foundation, Rabbi Marcus has conducted a semimonthly congressional Bible class. Over the years, about 30 of our current and former colleagues, as well as members of their families have participated in these classes. Rabbi Marcus' class has been a shining light in our busy schedules. His ability to integrate the value of our tradition along with the subline nature of today's current events has been a beacon of inspiration to all those present to hear his words.

So, it is bittersweet that Rabbi Jay has been awarded a deserved 1 year sabbatical by his congregation. On the one hand, this sabbatical will enable Rabbi Marcus to recharge his batteries and expand his already broad horizons. Yet, on the other hand, his congressional students will miss hearing his inspirational words. Mr. Speaker, Rabbi Marcus is not only my teacher, but also my dear friend. On behalf of his loyal congressional students, I wish him only the best during his sabbatical in Israel.

TRIBUTE TO RABBI JAY MARCUS

Mr. GILMAN. Mr. Speaker, I am pleased to associate myself with the articulate remarks of our colleague from New York [Mr. ACKERMAN], focusing our attention on the distinguished accomplishments of Rabbi Jay Marcus of New York.

Rabbi Marcus is well known to many of us in the House through the outstanding, informative semimonthly congressional Bible class which he has conducted. Rabbi Marcus was blessed with an ability to relate the lessons of the Bible to the problems of contemporary life.

His teachings have been of great value over the past 7 years to about 30 of our current and former colleagues, as well as to their families.

Rabbi Marcus has been the spiritual leader of the Young Israel of Staten Island for 20 years, and has thus earned a reputation as a premier religious leader and instructor throughout the eastern seaboard.

Mr. Speaker, I have been informed that Rabbi Marcus is about to go to Israel to enjoy a 1-year sabbatical from his rabbinical duties. His outstanding counsel will be missed by many, although we appreciate the fact that this devout man has fully earned a period of rest and relaxation.

Mr. Speaker, I invite all of our colleagues to join with us in saluting Rabbi Jay Marcus for the exemplary manner in which he has fulfilled his rabbinical responsibilities in the House.

PRO-LIFE CANDIDATES DO WELL IN PRIMARIES

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

Mr. SMITH of New Jersey. Mr. Speaker, pro-life candidates have done exceptionally well this primary season, a trend which was continued this last Tuesday in Minnesota, Wisconsin, and New Hampshire, while pro-lifers had a day of mixed results in Maryland.

In the Republican gubernatorial primary in Minnesota, the upset victory of Jon Grunseth over an abortion advocate who was up by more than 10 points in the polls was directly attributed to pro-life mobilization. In the Minneapolis Star-Tribune the headline was "Abortion foes may have swung key races." The headline of an article in the Milwaukee Sentinel read "Anti-abortionists run strong in races for assembly seats."

Mr. Speaker, the Minneapolis Star-Tribune wrote:

This was supposed to be an election when abortion rights advocates proved they had undergone a political reawakening, but it was the abortion opponents who demonstrated a newfound zeal Tuesday in supporting candidates who share their views.

Mr. Speaker, pro-life sentiment also prevailed in the Minnesota Democratic primary where Democratic Governor Rudy Perpich beat back the challenger, an abortion rights candidate.

Ladies and gentlemen, slowly but inevitably, despite the pro-abortion euphemisms, Americans are discovering that abortion stops a beating heart.

Mr. Speaker, with your permission, I would like to insert in the Extension of Remarks section today, a summary analysis of Tuesday's election results that was prepared by the National Right to Life Committee.

KEEPING FEDERAL EMPLOYEES AND RETIREES FROM TAKING MAJOR BUDGET HIT

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

Ms. OAKAR. Mr. Speaker, I know the budget summit is still going on, and I know how difficult it must be to reach a negotiation and a reconciliation.

But Mr. Speaker, the rumors and newspaper reports are dismaying to me. We cannot once again have Federal employees and retirees take the major hit on the cuts. The cost-of-living adjustment is as important to a Federal retiree as it is to a Social Security recipient. The average spousal benefit is less than $6,000 a year. Most of these women have no other income. They need that cost-of-living adjustment.

Similarly, Medicare was never meant to be means tested.

We have an amendment to cut SDI funding in the Defense bill. It is the same cost as the COLA for Federal retirees. I would rather cut arming the heavens than clobber senior citizens.

SUPPORT THE TEXTILE BILL, H.R. 4328

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

Mr. BALLENGER. Mr. Speaker, I rise today to encourage support for the Textile, Apparel, and Footwear Trade Act of 1990.

The U.S. textile industry is one of the most productive manufacturing sectors of the economy and employs nearly 2 million Americans nationwide. Aside from this fact, textile mills across the Nation contribute to their communities' economic well-being and quality of life in many significant ways.

Fiber, textile, apparel, and footwear companies are active members of every community. Where there is a mill or a factory, there is support for hospitals, schools, drug abuse programs, literacy programs, Scouts, and Little League. Foreign textile manufacturers don't contribute to American communities at all.

The American textile industry conforms with safety and environmental regulations and has been ranked No. 1 in safety by the National Safety Council 3 out of the last 4 years. However, some foreign companies' plants are so unsafe and emit pollutants such that they would be closed by EPA or OSHA.

I ask my colleagues once again to look closely at the current textile situation and decide if the United States can afford to lose this industry to foreign manufacturers. I do not think we can.

RECONCILING THE FEDERAL BUDGET

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

Mr. TORRICELLI. Mr. Speaker, the President stood in this Chamber and he challenged our soldiers and our citizens to stand firm in the Middle East. He displayed character and vision, and then he issued another challenge, to reverse the spiraling national debt. But instead of straight talk and honest answers, he proposed oil drilling incentives, savings plans, capital gains tax reductions, good ideas all, things we would like to support, but ideas which contribute another $32 billion to the national debt.

□ 1040

He comes before us to talk about reducing the national debt, but he has idea after idea which only add to the national debt.

Mr. Speaker, our way of life may or may not be challenged in the Middle East, but most assuredly it is at issue in this Congress and in this city.

The courage of our soldiers in the Middle East is not the only measure of our national character. It is the courage of the administration, indeed, of our national leaders to come before the American people with straight talk and honest answers to end this fiscal abuse and save this country that is at issue.

CRIME BILL DEATH PENALTY A SHAM

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

Mr. DOUGLAS. Mr. Speaker, tomorrow we begin general debate on the crime bill. It is H.R. 5269, and it is an entirely inadequate bill when it comes to the death penalty. Unless it is amended, I intend to vote against the so-called anticrime bill.

One of the reasons the death penalty portion of the bill is so inadequate is that a number of crimes that are currently already capital crimes are not covered under the part of the bill that makes the death penalty constitutional under Federal law. We are currently not in accord with Supreme Court opinions.

The bill would bring us into that accord, but it exempts the following, and if you vote for this bill, this is what you will have voted to do: if you blow up an airplane and kill 300 people, you will not get the death penalty. That is the PLO Protection Act of 1990. If you murder a civil rights lawyer or send a letter bomb through

the mail to kill someone involved in a civil rights activity: not covered by the death penalty. For murdering of witnesses in Federal proceedings, it is not covered by the death penalty. And it goes on and on.

We must support the Gekas amendments to the anticrime bill if we are going to have a meaningful death penalty in this country.

WHERE ARE OUR ALLIES?

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

Mr. SMITH of Florida. Mr. Speaker, there have been some inappropriate characterizations of our policy of trying to promote burden sharing and shared responsibility with our allies vis-a-vis the Middle East problem as characterizations of tin cup diplomacy.

Mr. Speaker, well, let us put that to rest. To the people who belong to NATO other than the United States, to the Japanese, to the Germans, and others, you can take your money and stick it. We do not want your money. For 40 years we protected you. For 40 years we spent $40 trillion keeping our folks in Europe keeping you out of harm's way. Now somebody else in this world needs help because a dictator, a despot, has decided to annex a country by force. We are there protecting like the United States always did.

Where are you? Where are you, Germany? Where are you, Japan? Where are you, France, Belgium, Holland, Italy? Where are the rest of you? England? Put your people in harm's way. There are 100,000 American troops there. Where are you?

We do not want your money. We want your damn moral responsibility.

This is your chance to step up to the plate for a change, and if in the process you help the United States share the burden, all the better. But live up to your moral responsibility.

CONGRESS AND THE CRISIS

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

Mr. STEARNS. Mr. Speaker, the President's address to Congress was commendable. The President has made a strong stand against aggression in the Mideast. It is time for Congress to make a strong stand with him. The leadership in Congress should pass a resolution indicating our support of the President so that he can strengthen his already strong hand against Saddam Hussein of Iraq. It is time for us in Congress to share in the responsibility of this Nation's action. Let us show our support for the President—for the record.

I call on the Senate and the House leadership to tell the American people that we also back the President. The President and leaders of other countries around the world have shown their resolve to stand up against aggression. Is it not time we in this body stood up to be counted with the rest of the world?

I commend the President for his leadership and I ask the Congress to reassert its leadership. With today's notice that Iran is prepared to help Iraq punch through the blockade, we in Congress must show our resolve and support for the President now more than ever.

LET US NOT HURT OUR OWN PEOPLE

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

Mrs. BOXER. Mr. Speaker, I want to address my colleagues and let the people of this country understand that the burdens that our President says are being shared by all the countries of the world, and he says 20 countries are being shared in the Middle East, that those burdens are simply not being shared.

I have a chart that shows the ground troops that have been committed so far in this Persian Gulf incident, just ground troops, not people in the Navy, not people in the Air Force, ground troops, the ones who are going to get it first, the ones who are in most trouble: The United States, 75,000; Egypt, 5,000; Bangladesh, 5,000; Pakistan, 5,000; Morocco, 1,500; Syria, 1,200; France, 200.

Where is NATO? Where are the Japanese?

We have spent in the last 4 years defending NATO from the Warsaw Pact $4 trillion. We have put our kids' lives on the line.

Where are they?

And I would say to this President that when he comes back with a harsh package of budgetary measures, how about some burden sharing? Let them pay the bills. Let us not hurt our own people.

DO NOT SHACKLE ENERGY INDUSTRY

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

Mr. THOMAS of Wyoming. Mr. Speaker, I rise to speak about energy for this country and, indeed, an energy policy that will make that energy available.

Nearly everyone wants an energy policy. The question, of course, is what kind of a policy will we create.

If each of us in this body were to draft our own policy, it would likely be very different. The tough part is to craft a balanced policy which brings forth conservation, alternate sources, security, and domestic production. What we do not need is a series of production disincentives. Excess regulation and windfall profits taxes are among those disincentives.

Mr. Speaker, we have a market system, and one of the lessons that we surely must have learned in the 1970's was that incentives are necessary to produce oil and gas.

In a time when we look for energy security, we should not shackle our energy industry.

UNCLE SAM HAS HAD ENOUGH

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

Mr. DORGAN of North Dakota. Mr. Speaker, when are we going to wake up in this country and decide to tell the rest of the world to pay their own bills?

Today we agonize and we wrestle with budget cuts. Some people say, "Well, let us cut farm programs for family farmers who have already seen their prices collapse." That does not make any sense.

I will tell the Members where we ought to cut spending. Let us cut defense spending. No, not ours. Theirs. We pay for their defense. We have 300,000 troops stationed in Western Europe, and we have 200,000 more civilian employees in Western Europe. That is 500,000 people on the American payroll protecting and defending France and Italy against an attack by Poland and Hungary.

No wonder people think there is a drug problem in America. Nobody is thinking very straight.

We need to tell our allies to pay your bills; we cannot afford to defend you anymore. Uncle Sam has had enough.

It is not old fashioned to begin to invest again in America. They pay their bills, and we invest here at home. That is what our priorities ought to be.

ENVIRONMENTALISTS ARE RESPONSIBLE FOR THE MIDDLE EAST CRISIS

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

Mr. DELAY. Mr. Speaker, a lot of Americans are asking why we have sent our troops to the Persian Gulf to protect Arab oil.

Frankly, Americans should realize that rabid environmentalists have decimated our national energy policy

to the point that we have become overly dependent upon foreign oil.

Since the last oil crisis when we imported 6 million barrels of oil per day, their policies have increased our dependence to almost 8 million barrels of oil per day, 33 percent more than was considered to be a dangerous threat to our national stability in 1973.

We could have developed our energy resources in a responsible manner and reduced our dependence on imported oil, and clean our environment, but the environmental extremists have prevented the United States from developing a responsible energy policy.

And why? Because the rabid environmentalists felt it was more important to jeopardize the lives of our brave American servicemen than risk the death of a single snail darter.

What have the environmentalists done to our energy security? Oil and gas drilling on the Outer Continental Shelf, closed. Exploration of oil on the Alaskan National Wildlife Refuge, closed. Construction of nuclear plants, closed. Construction of hydroelectric plants closed.

The greenies have led us into the crisis in the Middle East. Not only are they responsible for the huge amount of American dependence upon foreign oil, but if an open war develops in the sweltering heat of the Saudi Arabian desert, the tragic result will be on their heads.

□ 1050

JAPANESE BANKS ARE FORECLOSING ON AMERICAN BUSINESSES

(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, surprise, surprise, surprise. Japanese banks are foreclosing on American businesses. That is right. We keep shipping over money to protect Japan and Europe, and guess what? I have said before, when we own something, we control it. When we have economic power, we have political power. Japanese banks are foreclosing on American businesses, and we are saving their keisters and their oil in the gulf. Shame on Congress.

Meanwhile, we are talking about raising taxes on beer drinkers. Let me remind Members that it was not beer drinkers who were the sinners that got the United States into this damn mess. Let Members start taking care of our business. Let Members put our foot down with Japan. Let Members cut back on foreign aid, and cut back on NATO. We do not need to raise taxes.

I think that Members of Congress and the Cabinet should take a drug test. Everybody must be high for screwing this country up like they have.

HOW ABOUT DEBT REDUCTION FOR THE UNITED STATES?

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

Mrs. SCHROEDER. Mr. Chairman, the United States of America does not just preach burdensharing, we practice it. During this whole Persian Gulf incident, look what we have done. We looked at Egypt, who is contributing, realized they were much poorer than the United States, and then exempted them from $7 billion worth of debt they had borrowed from the United States to build up the armies they have deployed on the front lines.

Now, I only want to say to the Japanese and Germans, we borrow money from those countries, and then we spend that money defending those countries. There is nothing in their constitution that does not allow those two countries the same kind of debt reduction, vis-a-vis the United States, that we have done vis-a-vis Egypt. So why do we not see a little debt reduction in this whole area?

Can Members imagine how much easier it would make our life at the summit? Can Members imagine how much easier everyone would feel? I think it is only time that we finally, finally, see some kind of recognition for the disparity in economic wealth, because we have been spending so much defending them.

GIVE SENIORS A BREAK

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

Mr. JAMES. Mr. Speaker, I hope that while the summiteers are considering ways to budget, that they, in fact, realize that many Members abhor the concept of taxes. I have taken the "no tax" pledge, but more than that, I think it is significant and important that we realize that means we do not cut Social Security benefits by eliminating COLA freezes. We do not tax retirees, Federal retirees and military retirees, by eliminating the COLA's, because that is the same net effect on them as if we raised income taxes on the rest of the citizens. That would be inexcusable, if we used the same gimmickry that occurred with the catastrophic health insurance.

There is absolutely no difference fundamentally to the people, except we would be taxing only the elderly. The same thing with Medicare and Medicaid. That technique was inexcusable when employed a year ago, and would be just as bad if we attempt that technique now.

BUDGET SUMMITEERS WOULD BURDEN ELDERLY

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

Mr. WAXMAN. Mr. Speaker, I take this time to express my absolute outrage at the budget summiteers, who are talking about wholesale cuts in the Medicare Program. The elderly in this country did not cause this deficit we are now facing. They should not bear this burden. It will hurt them, and is going to hurt our whole health-care system.

Medicare has been the cornerstone of our health policy. It is built on the policy of a social insurance available to the entire population. It has worked well and is broadly supported. The idea that we will have a seniors only tax for a Medicare Program that will do less for them is tremendously offensive. To increase the out-of-pocket costs in premiums and expenses, will be devastating for low income elderly; 40 percent of them already have incomes 200 percent above the poverty line. They will be pushed below the poverty line with these increased expenses placed on all of them.

Why are we doing this? So we do not raise the taxes on the rich. That is unfair. That is why we have a deficit. We gave them tax cuts. Now, they have to pay their fair share.

PERMISSION FOR COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO HAVE UNTIL 6 P.M. FRIDAY, SEPTEMBER 14, 1990, TO FILE SUNDRY COMMITTEE REPORTS

Mr. TRAFICANT. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation may have until 6 p.m. Friday, September 14, 1990, to file the committee reports on H.R. 5314, the Water Resources Development Act of 1990, and H.R. 4323, the Great Lakes Water Quality Improvement Act of 1990.

This request has been cleared by both the minority leadership of the House and the Committee on Public Works and Transportation.

The SPEAKER pro tempore (Mr. HAYES of Illinois). Is there objection to the request of the gentleman from Ohio?

There was no objection.

IN RECOGNITION OF NATIONAL DARE DAY

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

Mrs. LOWEY of New York. Mr. Speaker, today is National DARE

Day—a day on which we pay tribute to one of our Nation's most successful antidrug education programs.

In the 20th Congressional District in New York, I have seen first hand the success of the DARE approach to drug abuse prevention and education. By bringing law enforcement officials into the classroom to explain the dangers of drugs and to teach resistance techniques, and by involving parents in the process, DARE gives students the skills to recognize and resist pressures which contribute to drug abuse. That is absolutely essential if we hope to protect our Nation's children from the very serious dangers associated with drugs and drug-related crime.

DARE has expanded into more than 2,000 communities in 49 States and several foreign countries. However, it is still not available in too many locations around the Nation. This Congress must help ensure that all students in our Nation have access to DARE and other programs that will help make our schools drug-free. DARE is one of the best investments we can make in America.

Let's dare to make a real change on our priorities and invest in DARE. We cannot afford not to get drugs out of our communities.

INTRODUCTION OF RESOLUTION REGARDING MIDDLE EAST TROOP DEPLOYMENT

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

Mr. RITTER. Mr. Speaker, we have heard a great deal about sharing the burden of the Middle East troop deployment of the United States, and Members of Congress who are concerned about this can support a House concurrent resolution which I have introduced, with very strong bipartisan support, and that resolution is numbered House Concurrent Resolution 366.

Members, our defense policy with respect to our allies has been overtaken by events, and is in need of substantial change. It is absolutely essential that the administration pursue, with far greater vigor, the commitment to funds, troops, or other contributions to the Middle East deployment. Is it not strange that with nearly 100,000 U.S. troops in the gulf, our allies have virtually zero soldiers on the ground? Is it not a scandal, when these rich, technologically advanced nations shirk their responsibilities? Where is their moral fiber? Where is their backbone? Are they not ashamed of their lack of action?

□ 1100

THE NAPAP STUDY

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

Mr. APPLEGATE. Mr. Speaker, the NAPAP study is out. This was a study that was initiated in 1980 to study the cause and effect of acid and toxic air. Little attention was given to it by any of the national media because it downplays the seriousness of what the environmentalists try to make it out to be. This is a demonstration of the power of the environmental establishment. They are killing regional economies.

We spent 10 years, $600 million of taxpayers' money, and yet they would see it wasted to achieve their political agenda, and Congress is being used foolishly.

The environmentalists supported this study in 1980, but because it does not say what they wanted it to say or expected it to say, they are going against it. It does not make sense. If we refuse to heed the conclusions of this NAPAP study, then Americans should be outraged at this blatant misuse of their tax dollars and Congress should be ashamed of itself.

MILITARY AND FEDERAL RETIREES SHOULD NOT HAVE TO BEAR BURDEN OF DEFICIT REDUCTION

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

Mr. BILIRAKIS. Mr. Speaker, I wanted to take this opportunity to express my deep regret that congressional budget negotiators appear to have made a decision to reduce Federal and military retiree benefits, particularly the Lump Sum Payment Program, cost-of-living adjustments, and the Federal Employee Health Insurance Program.

I am outraged to learn the budget agreement would eliminate military and Federal COLA's. I say enough is enough. Why must military and Federal retirees be singled out in the name of deficit reduction?

I strongly believe that deficit reduction should not be achieved solely through the sacrifices of military and Federal retirees. All Federal retirees should be treated equally with regard to COLA's. How can we hope to attract good people to military and Federal service if we continue to disportionately reduce the benefits of military and Federal retirees?

I hope my colleagues will join me in continuing to work to prevent the perpetuation of inequitable treatment of our citizens who performed the jobs so essential to making our Government work.

IN SUPPORT OF BENNETT-RIDGE AMENDMENT TO CUT SDI

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

Mr. BENNETT. Mr. Speaker, for 4 years in a row this House has voted for the Bennett-Ridge amendment on SDI. Four years in a row we have transferred funds from SDI to conventional forces.

We can do it again. Let me tell you why this is important.

The commander of Desert Shield is quoted on the front page of the Washington Post today. He says that the buildup of American forces in the Persian Gulf is being delayed because we do not have enough sealift. SEALIFT. Simple cargo ships.

The commander did not say he did not have enough SDI. He did not say he needed Brilliant Pebbles. He said he needed ships.

The Bennett-Ridge amendment will make sure that an American commander never has to say that again.

The Bennett-Ridge amendment will cut the SDI budget by $600 million. We will use that money to buy fast sealift ships in the Aspin conventional forces Persian Gulf amendment. Chairman ASPIN enthusiastically supports the Bennett-Ridge amendment.

You must vote for Bennett-Ridge to free up the money for these ships.

A vote for Bennett-Ridge is a vote for conventional forces.

A vote for Bennett-Ridge is a vote for realistic national defense.

THE 101ST CONGRESS SHOULD TAKE UP ASSAULT WEAPONS BAN AND BRADY BILL BEFORE ADJOURNING

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

Mr. MAZZOLI. Mr. Speaker, tomorrow, September 14, is an important day. According to our schedule, the House will begin debating the anticrime bill which came out of our Judiciary Committee, a bill which we think will help the law enforcement community fight crime across the United States.

Also, tomorrow, sadly, is the 1-year anniversary of the Standard Gravure killings in Louisville, my hometown, where a person using an AK–47 assault weapon killed 8 people and wounded 13.

These are not exactly unrelated events, Mr. Speaker.

The House has an opportunity, once we pass the crime bill, with the permission of leadership, to take up two pieces of firearms legislation, both of which came out of our Judiciary Committee and both of which should be

passed and attached for conference purpose to the crime bill. One is the ban on the domestic manufacture of assault weapons and the other is the Brady bill, which calls for a 7-day delay before a handgun can be purchased or transferred.

I ask with great respect that our leadership, on both sides of the aisle, put those two pieces of public safety firearms legislation on our Calendar before the House adjourns.

IN SUPPORT OF THE SDI

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

Mr. KYL. Mr. Speaker, our colleague, the gentleman from Florida [Mr. BENNETT] has just spoken on the issue of SDI, and I would like to speak to that for just 1 minute.

This morning's Washington Times carried a news report that the Iraqis have now developed a mobile capability for their missiles. They can launch their missiles from literally anywhere in occupied territory. Since their longest range missile has a range of 600 miles, that means they can strike literally anywhere that we have our forces deployed.

The only way that we could defend against those missiles in the future is through the development of the strategic defense initiative. We do not have that today. As a result, the young men and women defending our interests in the Persian Gulf area are exposed to either conventional or chemical warheads launched by missiles from Iraqi or Kuwaiti soil.

It seems to me, Mr. Speaker, that is a situation this Congress should not let continue for any longer than we can possibly avoid it. Perhaps within 5 years we can have a system deployed which could stop those Iraqi missiles or the missiles of any future adversary, and I urge my colleagues to support SDI to achieve that goal.

THE PYRO MINING CO. TRAGEDY—1 YEAR AGO TODAY

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

Mr. HUBBARD. Mr. Speaker, my colleague and friend Congressman RON MAZZOLI has reminded us that 1 year ago tomorrow—September 14, 1989—a crazed gunman killed eight employees of Standard Gravure Corp. in Louisville, KY, and injured 13 others before killing himself.

Well, just 1 year ago today—September 13, 1989—an explosion shook Pyro Mining Co.'s William Station Mine near Wheatcroft, KY, in my congressional district, and claimed the lives of 10 miners. Today, 1 year later, we are still feeling the after-shock of that tragedy.

This past Sunday, the Courier-Journal, Kentucky's largest newspaper, published excellent articles that focused on the pain and loss felt by the families of the victims of this terrible accident. These news and feature articles were written by Fran Ellers and Robert Garrett of the newspaper's staff. All of us in western Kentucky have been affected by this loss.

I congratulate the news media in Kentucky and in nearby Evansville, IN, for their attempts to educate the public with regard to what took place at the William Station Mine on September 13, 1989. Coal mining is critical to Kentucky's economy, and every citizen should know about safety and health conditions in our mines.

Moreover, those of us in Congress share a unique responsibility to learn exactly what took place at this mine and what actions we can take to avoid such accidents in the future. Miners, whether they are involved in coal mining or the mining of some other mineral or commodity, can be found all across these United States.

It is to that end that I draw your attention to special oversight hearings that will be conducted by the House Education and Labor Committee's Subcommittee on Health and Safety with respect to the Pyro Mine disaster. These hearings will take place in the Rayburn House Office Building on Thursday, September 27, and I am grateful to have the opportunity to take part in the hearings at the invitation of the subcommittee's chairman, my friend JOE GAYDOS of Pennsylvania.

Hopefully, through these oversight hearings we will be able to best ascertain what actions we need to take to make certain that an accident of this nature does not repeat itself—in western Kentucky or your home State.

TURNING OVER MORE OF OUR AUTO INDUSTRY TO JAPAN

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

Mr. WALKER. Mr. Speaker, we have had a number of people come to the floor this morning and do a little bit of Japan bashing in the course of their remarks. It was interesting that one of the people who engaged in that exercise is a sponsor of legislation that will have the effect of turning over even more of our automobile industry to the Japanese. That particular piece of legislation claims to have the effect of raising automobile fuel efficiency standards up to 40 miles to the gallon.

The problem is that the last time we did that, although some folks say with no harm, the last time we did it we turned over a major share of our automobile production capacity to the Japanese. They were the ones prepared with the small cars to meet those standards. American plants closed. American workers went on the unemployment lines because we did something stupid here in the Congress that let the Japanese get a share of the market that they did not think they could get.

The Japanese Ministry of Trade and Industry told the Japanese automobile industry that they did not have a chance of penetrating the American market. That was not until Congress acted.

Now one of the people who got up this morning and bashed again said, or is the sponsor of the legislation to do the same thing all over again.

BURDEN SHARING BY AMERICAN TAXPAYERS

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

Mr. WISE. Mr. Speaker, there is a lot of talk about burden sharing around here lately. The President spoke of it during his speech here just the other night. We all applauded when he spoke of having other nations share that burden in the Persian Gulf. Then he brought it home by saying everyone at home would have to share in reducing the deficit. I did not clap.

The reason is that there are a lot of Americans who have already been shouldering that burden. What about middle-income Americans who have seen their tax burdens go up while the richest Americans have seen theirs go down?

What about the office employee, the plant worker, the teacher, the mid-level executive who cannot get financial aid for their children's college education? They are already carrying that burden or senior citizens who are seeing Medicare cut each year. They know where the burden has been.

□ 1110

Mr. Speaker, in the Persian Gulf this President is working at persuading others who have not been involved to ante up. Now is the time to be asking the same of those at home who have not been carrying the burden that a lot of Americans have long been shouldering.

CONFERENCE REPORT ON H.R. 7, CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT AMENDMENTS OF 1990

Mr. HAWKINS. Mr. Speaker, I call up the conference report on the bill (H.R. 7) to amend the Carl D. Perkins Vocational Education Act to improve the provision of services under such

act and to extend the authorities contained in such act through the fiscal year 1995, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. WISE). Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of August 2, 1990.)

The SPEAKER pro tempore. The gentleman from California [Mr. HAWKINS] will be recognized for 30 minutes, and the gentleman from Pennsylvania [Mr. GOODLING] will be recognized for 30 minutes.

The Chair recognizes the gentleman from California [Mr. HAWKINS].

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

Mr. Speaker, I rise to bring before the House today the conference report on H.R. 7, the Carl D. Perkins Vocational and Applied Technology Education Amendments of 1990.

This conference report is a reauthorization of current Federal vocational education programs; however, H.R. 7 is not a routine, business as usual reauthorization. Instead, it is a comprehensive measure intended to adapt current vocational education practices to the modern era of rapidly changing technological advancement and challenges. H.R. 7 will make vocational education more relevant and consequential to change in today's labor force and in the increasingly complex marketplace of the future.

This conference report is the result of several years of study of the effectiveness of our current vocational education system. It is the product of many months of hard work, staff oversight activities, and testimony from many expert witnesses who work day in and day out toward the implementation of these programs. These practitioners set forth their views and recommendations for the contents of this legislation. H.R. 7 also has taken into consideration the findings of the national assessment on vocational education, GAO reports, other research reports, reports from individuals who follow the program on a regular basis.

The principal theme of the bill is that we cannot continue our current Federal policy in vocational education. There are model vocational education programs, but, there are also programs that are no longer acceptable because they are not adequately preparing the workers who will be called upon to increase our country's international competitive position. We simply cannot afford to maintain the status quo.

H.R. 7 contains several changes from current law.

First, there is a change in the process of allocation of funds. Under current law, the States have great discretion over the use of funds for vocational education. H.R. 7 restricts State authority over these funds. It does this by changing the funding formula from a State controlled program to one in which local educational agencies, area schools and community colleges drive 75 percent of the funds.

Second, H.R. 7 includes a much clearer and more specific use of Federal funds in vocational education. Students will now learn academic skills at the same time they are strengthening their occupational skills. We have heard many comments from the business community regarding the shortcomings of our education system. The workers have inadequate skills and are ill-prepared in reading, writing, and computing. This provision responds to those criticisms.

Third, H.R. 7 provides for better targeting on special populations. The program has changed from a multiple setaside program to one which provides funding for more improved comprehensive programs. The funding is formula driven to local school districts based mostly on the number of economically disadvantaged students in schools, but also considering the number of handicapped students and the general enrollments. This legislation has been changed to help the most needy in our society. One of the findings of the National Assessment on Vocational Education is:

> The quality of vocational education available to students in poor schools is significantly lower than that available to students in more affluent communities. Students in schools in the lowest quartile, as measured by average family income student academic ability and socio-economic status, are half as likely to have access to an area vocational center as other students. They are also in schools with less than half the total number of vocational courses and less than half the number of advanced vocational courses.

Our conference report addresses this finding.

Fourth, H.R. 7 provides for better cooperation and coordination between high schools and community colleges. Building on several efforts currently underway, the "tech prep" provision encourages secondary schools and community colleges to work in concert with each other in planning and to pursue a more coordinated approach in curriculum that will better prepare students for the world of work.

Finally, the legislation provides for a name change for vocational education to Vocational and Applied Technology.

Changing the name of the Perkins Act is not just a gimmick; it is more than symbolic, for not only does it imply that we need more up to date and relevant education activities and job training, but it also signifies the emergence of a genuine transformation in the way we prepare students for the world of work.

As we know so well, it is never easy to embark on the road of change, but I believe this bipartisan conference report represents a monumental step toward enhancing the education and occupational training that the workers of tomorrow will receive. It will increase our productivity, increase our international economic standing, and more importantly will increase the education and skills of all of our people.

I urge my colleagues to vote in favor of the conference report.

The SPEAKER pro tempore (Ms. SLAUGHTER of New York). The gentleman from Pennsylvania [Mr. GOODLING] is recognized for 30 minutes.

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

Madam Speaker, I rise in support of the conference report to H.R. 7, the Carl D. Perkins Vocational and Applied Technology Education Act. I think it is important that my colleagues hear the title because the title would indicate that we are trying to make changes, and I think we did just that.

Madam Speaker, I was very pleased to be an original cosponsor with the gentleman from California [Mr. HAWKINS] on this bill in the House. I have very much enjoyed working with him on the bold and thoughtful legislation, and I will certainly miss that relationship when he retires. The House bill passed over a year ago, on May 9, 1989, by a vote of 402 to 3.

□ 1120

Madam Speaker, this conference report retains the basic structure of the House bill and incorporates a number of improvements contained in the Senate bill. I did not think they could improve it, but they did.

H.R. 7 extends the Federal support for vocational education to the year 1995. The bill makes major advances in helping to target Federal program money to areas of greatest need for program improvement. I want to emphasize those words: "program improvement."

The bill recognizes the problems with the current law in its failure to adequately meet the needs of special population students.

First of all, the set-aside structure is eliminated. The largest problem with the current law centers on the funding structure of the Federal program. The current law requires that most of the money be split among categorical setaside programs. At the local program level these seven different pots of money translate into seven sets of regulations, seven applications, and seven sets of rules. We have learned that the restrictions imposed by the Federal law are causing such a dispersion of money that it has worked an injustice in burdening educators and students with tremendous paperwork and with very little funds. In fact, the GAO

report, I believe, indicated that one of the grants was for $1.12 or something close to that number. It probably cost thousands of dollars to send out that tiny grant.

In targeting, H.R. 7 corrects the current program's failure by creating one program at the local level. It eliminates the set-aside structure and sends money to local school districts and eligible institutions of higher learning through a formula based on their relative share of students in poverty, students with handicaps, and student enrollment. By driving funds to school districts based on these students, we have targeted the money to the areas most in need.

On program improvement, once these funds reach the local level, those funds must be used for programs which improve vocational education, are of sufficient size and scope to integrate academics with vocational education, and offer coherent sequences of courses. The formula drives the funds to areas of need; however, contrary to current law, the funds do not have to be spent on the individual students driving the formula. The school districts have considerable flexibility in the use of these funds. Funds can be used to hire teachers, to provide professional development, to improve curriculum, to provide the supportive services needed by special population students, and to purchase equipment.

As far as the area schools are concerned, one set of amendments, which incorporates several Senate provisions regarding the area vocational schools, corrects the deficiencies of the House bill. The conferees have agreed to allow for the State to make direct allocations to the area school instead of funneling the local money through the local school district before reaching the area school. There were several Members of the House who had that concern. This should ensure that quality vocational programs will be continued through the area school.

I do have one problem with the bill, however, and I believe that one of the gentlemen on the other side will be glad to hear this. I do have a problem with concentration grants in vocational education programs. I think they are fine in chapter 1. I have fought for them in chapter 1. I do not, however, believe this is the place for concentration grants.

Finally, I would like to reiterate my strong support regarding the conference report on H.R. 7 and encourage all Members to vote favorably for its passage.

Madam Speaker, I again want to thank the chairman of the committee for his leadership, not only on this bill, but for the leadership he has provided for young people and older people who are seeking training and retraining in education. During his many years of service here, he has provided real leadership.

I would certainly be remiss if I did not thank the young lady sitting to my left. Jo-Marie St Martin probably spent hundreds of hours on this legislation, first trying to get something together that she thought I wanted and then working with the chairman's staff trying to get something together that he wanted, and then trying to go out and convince all those people who had the set-asides that somehow they are going to do better with this bill than they have done presently. Of course, she is backed up by Beth Buehlmann.

Certainly I want to thank Jack Jennings and June Harris on the other side of the aisle. Those two worked very closely and very well together with the staff on our side of the aisle to provide us with the kind of legislation that I think will make a difference in the future and provide outstanding vocational technical education with this program.

Then I would also like to thank Liz Powell, the legislative counsel, because she was called upon quite often and came forth very readily.

Madam Speaker, again I commend this bill to all the Members of the House. I think it is even better than when I left the House, and at that time we only lost three votes.

Madam Speaker, I reserve the balance of my time.

Mr. HAWKINS. Madam Speaker, I yield myself such time as I may consume just so that I may also at this point, since it seems to be an opportune time, join in expressing our appreciation to the staffs, both the majority and minority, who worked on this bill. Also, as chairman of the committee, I wish to pay tribute to the generous cooperation of the ranking minority member, the gentleman from Pennsylvania [Mr. GOODLING].

Madam Speaker, I yield 3 minutes to the gentleman from Kentucky [Mr. PERKINS].

Mr. PERKINS. Madam Speaker, I would say to my distinguished colleagues that it is a pleasure indeed to be able to stand here and talk to them about a piece of legislation that perhaps does not have a lot of controversy associated with it but which at the same time is distinguished for its importance and what it is going to be putting forth for the people of this country. I think this is one of the most integral and important pieces of legislation we will have considered during this session of Congress.

Across the country the needs for the future are increasingly being propounded in a fashion that requires vocational education and more modern types of training for the students of this great country. This piece of legislation that we are considering today goes a long way toward trying to improve what America can do to improve its place in the world in the future. That is something that I wish we could say about more legislation that goes through this House of Representatives.

What we are doing today is going to be something that will make a difference in how we are able to effectively improve the future in training and retraining and addressing the needs this country has in education.

My good friend, the gentleman from Pennsylvania [Mr. GOODLING] has gone through in detail, as has the chairman of the committee, the variety of things this legislation offers. The specifics sometimes sound a little dull to some people, but they are the heart and soul of what we could do. What we are doing is offering a totally new approach toward vocational education and toward retraining in technical areas throughout this country. That is an exicting and important thing.

So I feel very good today in coming forward and talking to all my colleagues and friends about this legislation. Again, as others have, I would like to thank the staffs for their help and thank my colleagues for the bipartisan support they have offered and the work they have done in bringing forth a piece of legislation that is going to make America greater than it is today.

Madam Speaker, I hope we come today to voice our unanimous support for the reauthorization of this exciting legislation. This action, which will update and reauthorize the Carl D. Perkins Vocational Education Act, is badly needed and comes in time to address many economic and training needs of our Nation.

This was the last major piece of legislation that my late father participated in and so it holds a very special place in my heart. The Vocational and Applied Technology Education Act Amendments contain many critical changes that will help to enable the vocational programs of our country provide the training opportunities that are demanded by today's business community.

I want to applaud Chairman HAWKINS and thank him for his exceptional leadership in shepherding this comprehensive bill through the legislative process. His service to our committee and to the Congress has remained a stellar example of true leadership and unrelenting commitment to getting the job done.

The committee's decision to break away from the practice of the past, to break new ground in this arena, bodes well for the future of vocational education. We have seen the critics of this program chip away at it because of the lack of contemporary answers to training problems. This legislation sets guidelines that will help to formulate working relationships and patterns of teachings that will ensure access to the training sequences that silence these critics.

By removing the program's set asides we are driving more of the money down to the local programs to enable them to make the needed program improvements that will ad-

dress the changing demographics of our global economy. The addition of the tech-prep legislation, by Congressman FORD, will also add to the integration of business to school as well as school to school programs. These bridges will allow more doors to be open and more opportunities to be created. Tech-prep will enhance the image of the traditional vocational programs by tying it to a continuing postsecondary program. This comprehensive training program will build on the programs in place today and create new and innovative training structures as a result of the cooperative between these partners.

The additional inclusion of the supplementary grant provisions will provide to those schools in economically depressed areas more funds in order to pay for the renovation of facilities and the acquisition of new and updated equipment. I originally offered this proposal in the committee consideration of the reauthorization because of the desperate conditions I personally witnessed in some of the schools in my own region. How can we expect the system to produce well trained graduates for the coming turn of the century challenges when we force them to utilize facilities and equipment based in 1950's techology? If we are to point the finger of blame anywhere it must rest on our own House because of the lack of Federal support in this arena. This provision will help to turn this corner and provide the tools that are so desperately needed.

I am pleased to find such bipartisan support for the reauthorization legislation and wish to express my appreciation to Congressman GOODLING for his continued commitment to improving the education and training systems of our Nation.

I look forward to the President's signature going onto this legislation very soon and will applaud one of his first brave steps in earning the title he claims to deserve, "the Education President." Personally, I feel it will take many more of these steps of courage for the President to earn this moniker and I look forward to his efforts to pursue this.

Mr. GOODLING. Madam Speaker, I yield such time as he may consume to the distinguished gentleman from Wisconsin [Mr. GUNDERSON].

Mr. GUNDERSON. Madam Speaker, this is a good day for the House of Representatives, or at least it is a good hour. This is a good conference report. This is an important piece of legislation to continue America's efforts to prepare our work force for the 21st century.

In the past this committee has brought us reauthorizations of vocational education. Today we bring to the Members the Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990.

□ 1130

That title in and of itself says a lot about what this legislation is all about and why it is so important. One of those rare but very important elements of the Congress working together, especially in the House of Representatives, was when this conference committee, under the distinguished leadership of our chairman, the gentleman from California [Mr. HAWKINS], and our ranking member, the gentleman from Pennsylvania [Mr. GOODLING], led us against the Senate in conference in a bipartisan fashion to make sure that we did not take steps backward, but rather we took important steps forward to use the leadership role, which is really all the Federal Government's role in vocational education is, because we provide only about 8 percent of all the money spent on vocational education in this country, but use that leadership role which we have to assist States in making the important steps to respond to the diversity of America's work force and the diversity and challenges of America's workplace in the 1990's and the 21st century.

How does that happen? As the gentleman from California [Mr. HAWKINS] and the gentleman from Pennsylvania [Mr. GOODLING] have indicated, we do not continue the effort of focusing money on set-asides, paperwork, bureaucracies, and categories. We stood up to the challenge to respond to the need to train each and every individual who needs that training. Some of them are high school students who are going to go directly into the work force. Some of those are graduates of high school who need additional training.

Madam Speaker, the majority of jobs in the 1990's are going to require some kind of training beyond high school. Some of them are adults coming back for additional training or even retraining as they recognize the realities of today's modern work force.

It was no one less than Lane Kirkland who said the average person in today's society will have four different careers and six different jobs in their lifetime. We are trying in this legislation to provide the leadership and the flexibility to respond to those particular needs.

I have to say we had some near misses. Because the Senate, unlike the House, passed legislation that said vocational education is struggling at the high school level. Therefore, let us put almost all the money into the high schools. If you have a postsecondary program in your State, well, that is your problem.

We at the Federal level ought not be making that choice. We ought to allow Pennsylvania to respond to the uniqueness of their educational program, California to do the same, and Wisconsin to do the same. And each and every one of us are different. We maintain the abilities of States to make that choice.

We ran into some controversy with some of our State Departments of Public Instruction because we said vocational education, like every other education program, ought not be allowed to skim off more than 5 percent of the money to the States for State administration.

I am not going to name States, but there have been States up to this point in time that are funding over half the bureaucracy at the State level for their departments of public instruction with Federal vocational education dollars, and that was literally not the intent. We stood up to that, and the bill we bring you is not going to allow that any more.

Third, I have to tell Members, from a rural area it was absolutely essential that we allow rural schools that are small in enrollment, that have developed unique programs to respond to their unique needs, to continue those programs, even if they do not get a $15,000 grant.

We include in this legislation the ability of a Governor to waive that if he believes his State's response to the unique vocational education training demands of their State ought to provide for that flexibility.

We can go on to the prep tech and the equipment and the other innovations that are included in this bill, but I think there is something very significant. Today we make clear, vocational education is not a program for the poor. Vocational education is not a program for the slow learner. Vocational education is not a program for special categories of population. Vocational education with this bill is a part of America's preparation to be a part of a competitive workplace, and have a competitive work force, in an emerging global and competitive society. That is good. That is why this conference report is so good, and that is why the gentleman from California [Mr. HAWKINS] and the gentleman from Pennsylvania [Mr. GOODLING] and their leadership need to be so commended and supported by every Member of this body.

Mr. HAWKINS. Mr. Speaker, I yield 2 minutes to the gentlewoman from Washington [Mrs. UNSOELD].

Mrs. UNSOELD. Mr. Speaker, as one of the conferees on the vocational education bill, I urge my colleagues to support the conference report.

This vocational education bill completely revamps the mission of vocational education to meet the challenges and demands of the more technologically advanced 21st century. It is a forward-thinking bill with a clear purpose better to prepare our students to compete in an everchanging world.

This conference report includes my vocational counseling provision which authorizes $20 million for guidance and counseling. Career guidance and counseling is more critical to vocational students than any other student. Counseling has been proven successful in assisting individuals with career development, job preparation, and employment. It can improve educational

performance and work skills. Counseling has long been recognized as an effective partner in vocational education but funding has been lacking. This authorization will provide crucial guidance and counseling programs.

Further, this bill preserves flexibility. It allows the States to decide where their greatest vocational needs exist—whether at the high school or postsecondary levels. In my home State, the real Washington, our northwest timber-based economies are threatened. This bill gives us flexibility to meet some of our unique needs and to respond effectively to the economic and job shifts that are now taking place.

I urge my colleagues to support this conference report that helps our students prepare for their future in an everchanging, complex society.

Mr. HAWKINS. Mr. Speaker, I yield 4 minutes to the gentleman from California [Mr. MARTINEZ], chairman of the Subcommittee on Employment Opportunities, which contributed a great deal to the final proposal.

Mr. MARTINEZ. Mr. Speaker, I rise to urge my colleagues to support the conference report for H.R. 7 which reauthorizes the Perkins Act. This legislation modernizes and strengthens vocational and technical education to help provide American businesses with the trained human resources needed to turn the challenges facing our nation into opportunities. I want to draw special attention to two particularly important elements in this legislation.

First, I want to draw the attention of my colleagues to the tech-prep provisions. Postsecondary education has long been a vital part of vocational and technical education. For example, President Lincoln created the landgrant colleges to help provide such applied technical knowledge. These landgrant colleges helped transform America and provided the foundation for America's role as a world leader. H.R. 7 builds on that strong tradition by establishing the tech-prep program which builds bridges between technology and vocational education in high schools, community colleges, and other postsecondary institutions. It recognizes that all too often vocational education has served as a dumping ground for students who were not building skills in mainstream courses. Too often the students in those courses failed to build basic skills and found themselves at a dead-end with skills that were not in demand and without the educational credentials they needed to advance in school.

This legislation acts to end that problem by strengthening the integration of technology education with the standard academic courses and by building bridges from high school technology and vocational programs to those in community colleges and beyond. I am proud to note that this provision—which I actively supported and helped refine—builds to a substantial degree on California's 2+2+2 program which has built a strong track record in developing a skilled work force with topnotch basic and higher order skills.

Second, data and research provide the foundations for accountability and for program improvement in public policy. This has been a particularly serious problem in the Federal vocational education program where the Department of Education and other agencies have failed to collect quality data needed to adequately assess how our tax dollars are being used to improve technology and vocational education. In many cases we simply don't know whether these students are building the star-skills needed for jobs today and to forge new industries tomorrow, or whether we're still training students to make buggy whips. The Department of Education has been able to provide little too little information about the quality of facilities, of staff, participation by special populations, and so on.

We have worked closely with other members of the Committee on Education and Labor and with the broad education and business community to author the data provisions of this legislation. The development of a vocational and technology education data system is mandated as an integral part of the education data system of the National Center for Education Statistics. For the first time this will allow systematic comparisons of programs, facilities, patterns of course enrollment, participation by students with disabilities, and on other key factors to let us know how vocational and technology education programs are performing. To strengthen our knowledge of how academic achievement of vocational students compares to that of nonvocational students, this measure mandates that the National Assessment of Education Progress include a subsample of vocational education students to determine whether they are building academic skills that are at least as strong as those of other students.

Several other important data provisions strengthen this. Given the rapidly growing importance of world markets and world competition, this legislation requires that the Department of Education determine what information is available on how the work-related skills of our Nation's students compare with those in other nations and work to upgrade that data stream. For the first time this will allow us to address the issue of whether the technology skills of our Nation's students are competitive with those in our major trade partners. Strengthening this is a mandated GAO study, which we worked with other Members to improve in conference, which examines the work-based apprenticeship programs in Germany to determine what elements, if any, would provide a useful basis for American education policy and to assess the availability and quality of work-based education information needed by American private and public policy makers as we move to develop "work force 2000".

Too often the myriad Federal and State agencies collect costly and important information about vocational and technology education—but often the data in one place needlessly replicates the data available from other sources. And often vital policy questions cannot be answered because it is often extraordinarily difficult or impossible to cross-walk data from one division or one department to another to answer those questions. In other cases vital program information has not been available because it falls between the cracks, with no agency taking responsibility for dealing with the issue. That is why this legislation strengthens the role of the National Occupational Information Coordinating Committee—a Federal interagency group created to address these issues—to enable it to better bring together its member agencies—and State level affiliates—to determine what data is needed, what is available, and what needs to be done to eliminate needless duplication and to get the information needed for better policy.

While many of the most important consequences of education programs are long term, we have little quality data on the long-term career implications of vocational education. That is why this legislation includes what seems to be the first federally legislated use of unemployment insurance wage records in a demonstration project to provide timely, accurate, and cost effective data on long-term career outcomes for vocational education students, while providing strong protections for protection of privacy. I also authored the provisions which mandate regional vocational education curriculum centers to help local schools identify and implement effective technology and vocational education curricula. Finally, identifying and spotlighting innovative and effective programs that build excellence in vocational education is an important part of the process of modernizing and upgrading the quality of vocational education. That is why this legislation establishes blue ribbon vocational awards to provide for Presidential recognition of outstanding programs of vocational education and to disseminate information about these programs of excellance to other schools.

In sum, this legislation takes these and many other important steps to modernize our Nation's system for technology and vocational education,

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and to again move it from the backwaters of the educational enterprise to the main currents of educational reform and excellence. It works to integrate vocational and academic education, to build accountability, and to work for ongoing program improvement. I strongly urge my colleagues to join me in supporting enactment of this essential legislation.

□ 1140

Mr. GOODLING. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. UPTON].

Mr. UPTON. Mr. Speaker, I rise in strong support of the conference report on H.R. 7, the Carl D. Perkins Vocational and Applied Technology Education Act. I also want to rise in support of my good friends on our side of the aisle, the gentleman from Pennsylvania [Mr. GOODLING] and the gentleman from Wisconsin [Mr. GUNDERSON], who did yeoman work in completing action on this bill with our Senate conferees.

I was pleased to vote in favor of this bill when it passed the House in June 1989, and I urge my House colleagues to join me today in voting for passage of the conference report.

This legislation, which would reauthorize Federal vocational education programs for 5 years at $1.6 billion, focuses proper attention on the need for vocational education in America. If we as Americans want to maintain a strong position in the world economy, we must be willing to devote the energy and funds necessary to develop a trained work force that can compete in the world market.

This legislation is the most thorough revision of the Federal vocational education law in 25 years. It will help to improve vocational education training by focusing Federal funds to school districts and institutions of higher education with high concentrations of poor and handicapped students. It will also increase the flexibility of Federal funds for program improvement and improve the coordination between high schools and community colleges.

I am proud of the strong vocational education program in my home State of Michigan, where we have 56 area vocational centers, 401 high schools, and 29 community colleges that offer these vocational-technical programs. I have visited these centers in my district and have seen the success and difference these programs make.

Our strong national defense that is now being tested in the Middle East will mean nothing if we do not have a strong national offense, a successful education system that serves all Americans, here at home, where we will fight other wars against illiteracy and poverty, and the war to educate American workers to be the best and most innovative employees in the world.

I commend the work of my colleagues on the House Education and Labor Committee and the Senate Labor and Human Resources Committee, and I look forward to continuing to work with them to improve education in America.

Mr. HAWKINS. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. OWENS].

Mr. OWENS of New York. Mr. Speaker, despite the fact that not very much controversy surrounds this bill at this point of the conference report, it is a very compex piece of legislation, and I congratulate all of those staff members and Members who have worked on it throughout the whole process.

This is a bill which I hope has a moral imperative for all of the members of the Education and Labor Committee and our counterparts in the other body to watch the process and see to it that we guarantee safeguards for the people with disabiiities, students with disabilities. We removed certain safeguards for those students when we removed the set-asides, and that was not done by unanimous agreement, but it has been done, and I hold all Members to the moral imperative of watching the process to guarantee that students with disabilities are not shortchanged.

This is a bill which integrates vocational education with the whole education process of elementary and secondary schools. In New York City these students are already way ahead of us. Some of the longest waiting lists that we have are for schools that are called special vocational education schools. They understand at these schools, and the students on these waiting lists understand, that this is a very important part of our future. The School of Aircraft Technology and a few others have long waiting lists of students who have high marks in math and science and who have high marks in reading.

The integration of this program shows that it is just as important as any other part of our education effort. The goals of the President to achieve fewer dropouts will certainly be helped by this kind of activity. The goal to achieve No. 1 ranking in math and science in the world will certainly be helped by what is in this bill.

States will also decide on the allocation of the funds, which I think is very important in terms of States being able to determine where these funds can achieve the greatest impact.

Finally, I would like to applaud a part of the bill that was added in conference, or accepted in conference by the House conferees and proposed by the Senate, which is a department of corrections education, a department to focus on education in correctional institutions. This is a very important innovation, a very important new element. We recently had a study which shows that at least one-fourth of all black males between the ages of 20 and 29 are in some form of incarceration, in some form of the law enforcement supervision, under government control. This is an embarrassment. It is a scandal. It is a disaster. Steps should be taken to correct it.

I think many things have to be done, but certainly one of the things to do is to focus on trying to improve the education of young people who have come under the control of the government. Some youngsters as early as 12 or 13 are put into the juvenile correction system. That means that at that early age some unit of government has control over their lives, some unit of government has assumed the role of parent, or mentor, or the role of guardian. Let us take this opportunity, use this captive audience, use the fact that they are a captive audience and try to maximize the educational opportunities, maximize their contract with education so that when young people, and I do not have much hope for those that are over 30, but certainly all of those who are at a very young age can be molded, they can be helped, they can be started on the road to literacy, on the road to proficiency in reading and math, and when they return to society they will have the appreciation and go to get an education which will help them to get a decent and honest job.

□ 1150

This is a very important innovation. It is supported by those on the right and the left, the conservatives, the liberals. Everybody supports the need to provide for a more basic education system in the correctional institutions.

I applaud this conference report, and I urge all Members to vote for it.

Mr. HAWKINS. Mr. Speaker, I yield 2 minutes to the gentleman from New Mexico [Mr. RICHARDSON].

Mr. RICHARDSON. Mr. Speaker, I rise today to express my support for the conference report on H.R. 7 and to recognize the hard work put forth by the chairman and the conferees in the shaping of this important report.

H.R. 7 will provide critically needed Federal support of vocational education programs to many disadvantaged minority individuals, especially our Nation's youth. Statistics show that native Americans have the lowest high school graduation rate of any minority group and the dropout rate for Hispanics has been estimated to be as high as 50 percent. There is little question that the academic path which leads to college is not appropriate for all our young people, whether they be Hispanic, white, black, Asian, or Indian. Alternatives must be available so that these individuals are encouraged to continue their education in whatever direction they choose. Thus,

vocational education is a practical and positive investment for our economy as well as for those youth who might leave school without a skill or future.

In New Mexico where 40 percent of the population is Hispanic and 9 percent is native American, the negative trends represented by the previously stated statistics have had a disproportionate and serious impact on New Mexico. However, the benefit of Federal vocational education funding has allowed 150,000 individuals to receive the education and training they need to be productive citizens.

I am very pleased to see that the conferees included provisions for native American vocational education that were similar to legislation I introduced and the Education and Labor Committee adopted earlier in the 101st Congress. Specifically, H.R. 7 authorizes a stable source of Federal funding for tribally controlled postsecondary vocational institutions, of which the Crownpoint Institute of Technology, located in my district, qualifies. Crownpoint has played an essential role in transforming many welfare-dependent native Americans into proud, productive citizens contributing to tribal and State economies.

Mr. Speaker, I believe that H.R. 7 will be extremely beneficial to thousands of individuals across the country and I hope my colleagues will join me in supporting this conference report.

Mr. HAWKINS. Mr. Speaker, I yield 3 minutes to the gentlewoman from New York [Mrs. LOWEY].

Mrs. LOWEY of New York. Mr. Speaker, I rise in support of the conference report, and I would like to take this opportunity to commend Chairman HAWKINS, ranking Member GOODLING, and Chairman FORD for their leadership in producing a conference agreement that will significantly improve vocational education programs throughout our Nation.

The final agreement contains numerous improvements that will help modernize our occupational training programs and improve our ability to compete effectively in the world marketplace. The bill targets funds to disadvantaged students. It ensures that vocational students will have a coherent sequence of courses and that vocational training will be linked to academic study. Further, it contains an innovative program, known as the tech-prep program, championed by Chairman FORD, which will link study in secondary and postsecondary institutions.

I am proud to support all of these important changes. I would also like to call attention, however, to two improvements in the final vocational bill that are of particular importance to my congressional district.

First of all, the final agreement contains a formula that permits direct funding of regional vocational education schools, such as New York's Board of Cooperative Educational Services, or BOCES. This is a significant improvement over the prior formula, which would have forced funding to go first to a local education agency. This might have disrupted the funding stream to area schools and caused financial difficulties for regional vocational schools. The final agreement will continue to provide strong, direct, support for area schools like the BOCES, which are doing a tremendous job in serving the needs of young people in New York.

Further, the final bill preserves Federal vocational education funding for New York's educational opportunity centers, which are regional postsecondary institutions serving disadvantaged students. Funding for these institutions was threatened by a funding formula based on receipt of Pell grants. But because these institutions do not charge tuition, their students are not eligible for the receipt of Pell grant funding. The final agreement will permit a waiver of this requirement if the State can propose an alternative formula that ensures that funding is directed to disadvantaged students. This formula will keep funds flowing to the EOC's, one of which is in my congressional district in Yonkers, NY.

In my view, these changes add significantly to the quality of ths reauthorization measure, and provide additional reasons why this excellent agreement should be strongly supported by all Members of the House of Representatives.

Once again, I express my appreciation to Chairman HAWKINS, ranking member GOODLING, and Chairman FORD, for their assistance in these matters and for their hard work on this essential legislation. I urge all Members of the House to support this conference report.

Mr. HAWKINS. Mr. Speaker, one important part of this conference report utilizes the bill as it was amended by H.R. 22, known as the Tech-Prep Education Act, sometimes also called 2+2, which would combine the last 2 years of high school with 2 years of college. The author of that particular provision is the gentleman from Michigan [Mr. FORD].

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

Mr. FORD of Michigan. Mr. Speaker, I thank the chairman for yielding me this time.

Mr. Speaker, Members of the House, I think one thing that has not been said today that ought to be noted is that we have been inundated with rhetoric about education reform for the last couple of years, and it has come from Governors, and it has come from Presidents and candidates for President and candidates for Congress.

But the bill that comes back to us now is a product of a conference between the House and the Senate which contains as much education reform as I have seen in any education legislation here in many years. It is more dramatic in terms of what it does to shift resources and target them better than they have been targeted in the past than most people recognize.

As the gentleman from Kentucky [Mr. PERKINS], the son of the gentleman for whom this legislation is named, mentioned on the floor, because this bill has not been controversial and divisive on a partisan basis, people might overlook its importance and think that because it has not caused a big fight it is not really doing very much. It has not caused a big fight because there has been a great deal of good will put forth by both the Democrats and Republicans on this committee.

Mr. Speaker, I am pleased to say that the chairman, the gentleman from California [Mr. HAWKINS], has put together a piece of legislation that everybody has an opportunity to take credit for, and we have neither a Democrat nor a Republican bill.

I have full confidence that President Bush is going to like it, and he is going to feel more like an education President after he signs it. For that reason, I do not think we have any difficulties.

I think that it is important to note that there are some traditional noses out of joint about this legislation. Changing the name of vocational education to applied technology education sort of flies in the face of people who have spent a good part of their life teaching vocational education, and they say, "Well, that means that you do not think that vocational education has a very high place in the public opinion." That is not quite the case, but the fact is it has been apparent to many of us on the committee for a long time that we have fallen into a rut in this country of people categorizing young people when they reach high school level as being either vocational-education students or real students; real students are those who say they want to go to college, and vocational-education students are, in the eyes of, and in the street language, the people who cannot make it to be the real students, and they are getting second best.

The name change is more than just a simple symbol. It is a very clear indication that we think that vocational education for the future, if it is going to anticipate the kind of work force that this country needs, has to provide the kind of job training and, therefore, job opportunities that the young people coming through our system now are going to need in the next decade and the decades following.

□ 1200

We have to break with some of the old traditions and we have to stop doing things just because we always did them that way. We have to stop teaching courses called "vocational education," that have no practical application in the modern, more sophisticated workplace, and direct our education resources toward the future.

We think that this legislation, starting with the name change and going all through the legislation, moves in that direction. I am particularly pleased that H.R. 22, the tech-prep bill which I was joined in sponsoring by more than 100 Members of the House, ended up as part of this. It is the first new education initiative we have taken in sometime. It is designed for education for the future, not to do anything like we did in the past.

Mr. Speaker, I think it is in keeping with the way in which the gentleman from California [Mr. HAWKINS] has served as chairman of this committee, that as we draw close to the end of this Congress, and Mr. HAWKINS has chosen to retire at the end of this Congress, we are here on the floor with a piece of legislation that does all of these dramatic things, but does it so quietly and firmly that even my Republican friends sit serenely over there and watch it going by. I think it is a great tribute to the leadership of Mr. HAWKINS, that with all the other changes that are going on out at Andrews, and all the fighting and spitting that is going on around this town, that we bring a dramatic piece of legislation like this to the floor, under his leadership, and see both parties working hard to see it pass. I hope we have a unanimous vote on this today.

I am very pleased to have participated in the development of this bill for two reasons. First, this bill incorporates H.R. 22, the Tech-Prep Education Act, which I introduced early in this Congress and which attracted well over 100 cosponsors. The Tech-Prep Education Act will provide Federal support for linking high school and postsecondary technical training in a continuous sequence. It will help give America a world-class work force, and it will help young people attain productive careers.

Second, this conference report dramatically reorients Federal policy toward vocational education. It puts more resources in the hands of local educators, eliminates the red tape now binding local schools, more clearly focuses Federal resources on creating high quality programs and guarantees access to quality programs for women, the disadvantaged, handicapped and those of limited English proficiency.

The act is renamed the Carl D. Perkins Vocational and Applied Technology Education Act. Vocational education, the sole name of the current act, unfortunately has too often come to symbolize second-rate programs for somebody else's children. In title and in deed the new act will provide quality programs attractive for everybody's children and necessary to meet the competitive challenges of the future.

The Tech-Prep Education Act was born out of the recognition of five important facts about the technical training being given to America's young people. First, the work force of the future will need increasing levels of technical skills. We will need large numbers of computer operators and programmers, laboratory technicians, nurses, dental hygienists, paramedics, travel agents, police officers, mechanics, welders and technicians in areas such as broadcasting, aerospace, electronics, heating, air conditioning, instrument and appliance repair, robotics and waste treatment. As David Broder noted in a recent article, "Skill shortages, rather than job shortages, are likely to become the dominant labor problem of the future."

Second, high school vocational education, even when done well, does not provide a sufficient level of skills for most of the jobs of the future. Today, some education or training beyond high school is required for entry into about 50 percent of all job classifications. By the mid-1990's it is predicted that 75 percent of all job classifications will require some postsecondary education.

Third, training in the skills to get a first good job is not enough. Young people must have training and education that prepares them for the second, third, fourth and fifth job or career. They cannot stop the world and get off. They must be able to grow and change with the evolution of technology and the world economy. Therefore, they must know how to read, comprehend, compute, reason, analyze, communicate and solve problems.

Fourth, while most young people will need to continue their education beyond high school, the secondary and postsecondary educational systems frequently do not mesh smoothly. There is duplication and inconsistency as the two systems protect their turf and hold each other at arm's length. Consequently resources are frequently wasted and students are sidetracked rather than having their educational paths smoothed.

Finally, a great many high school students, particularly those in general education curriculum, have no clear path either into further education or into the work force. While existing vocational education programs are primarily designed to provide entry level job skills for those completing the 12th grade and the college prep curriculum usually leads students to a 4-year college, general education leads no where in particular for a very large number of students. Tech-prep education will help provide a productive alternative for the general education students and many others.

The Tech-Prep Education Act will establish a program of Federal grants to consortia of secondary and postsecondary institutions to encourage the implementation of 4-year tech-prep education programs linking the last 2 years of high school with the first 2 years of postsecondary education. Tech-prep education is a combined high school-postsecondary program which leads to a 2-year degree or certificate, provides technical preparation in at least one mechanical, engineering, industrial, or practical field, provides, a high level of competence in mathematics, science, and communications and leads to productive employment.

Tech-prep education will provide technical education beyond high school and combine occupational and academic learning so that students will have the capacity to grow and change in the workplace. In addition, since tech-prep education is a joint secondary-postsecondary program and only consortia of secondary and postsecondary institutions can apply, it will help break down the barriers between the two systems. Finally, it will give many more high school students a richer, more well structured, better integrated, more focused, and more challenging educational program.

The conference committee agreed to reduce the authorization level from $200 million in the House bill to $125 million, to provide that the program will be administered as a national discretionary grant program by the Department of Education if the appropriation is $50 million or less, to provide that the program will distribute funds among the States and be administered as a discretionary grant program by the State education agencies if the appropriation is greater than $50 million, to eliminate the matching requirements in the House bill and to include apprenticeship programs as an optional component of tech-prep education. I believe that these are all reasonable compromises and improvements in the House-passed version of the Tech-Prep Education Act.

I am particularly pleased that Michigan has been a pioneer in tech-prep education. The Michigan Department of Education has supported 10 tech-prep projects in each of the last 2 years with Federal Perkins Act funds. Other tech-prep projects have begun through initiative. It is my expectation that the Tech-Prep Education Act will result in an acceleration of tech-prep education being adopted both in Michigan and throughout the Nation.

H.R. 7 is a landmark in Federal support for occupational and vocational education. It breaks with the past and creates a Federal education policy to produce a work force equipped for the future. It directs more of the funds to the local level where students and programs need help. It substitutes for State discretion in the distribution of funds formulas to allocate funds to the local level more consistently and reliably. It sends funds to the local level based on formulas that insure that areas with the greatest need for Federal support receive increased amounts of help. The General Accounting Office found that in many States relatively affluent areas were receiving far more Federal vocational education funds per student than low-income areas.

The new bill provides that Federal funds will be used for clearly defined purposes which will improve the quality of vocational education. Instead of the 24 uses of funds in current law, H.R. 7 will support programs which integrate academic and occupational disciplines, which offer coherent sequences of courses leading to job skills and which are of sufficient size, scope, and quality to improve educational quality in the schools.

The bill also assures that students who are economically disadvantaged, students of limited English proficiency, students with handi-

caps and women have access to vocational education and that they have any special services they need in order to succeed.

It streamlines the administration of the program, relieving the local schools of paperwork and matching requirements that were both unworkable and ineffective.

H.R. 7 responds to the criticisms of the Federal vocational education program that have been loudly voiced from the field, and it reflects the extensive research and recommendations of the National Assessment of Vocational Education, the General Accounting Office and the Office of Technology Assessment.

H.R. 7 also relects the best traditions of the Education and Labor Committee in bipartisan ccoperation to produce innovative and effective Federal education policy. I salute Chairman HAWKINS and Congressman GOODLING, the ranking minority member, for their leadership in bringing this outstanding conference report before the House.

Mr. GOODLING. Madam Speaker, I yield 3 minutes to a very new, bright part of our Committee on Education and Labor, a Member who is very much interested in education and has been very much involved in education in the past, the gentleman from Vermont [Mr. SMITH].

Mr. SMITH of Vermont. Madam Speaker, it gives me great pleasure to rise in support of this conference report on the Hawkins bill.

If I may, I would like to address a number of features. First of all, as has just so well been pointed out by the gentleman from Michigan [Mr. FORD], there is a long history of vocational education, but in the current day as we look back, we will understand that that history, including the original motivation for the Vocational Education Act is not a motivation or a history that can be allowed to continue.

Quite frankly, when vocational education legislation was first written more than 50 years ago in this country, it was because there was the first influx of children into our public school system who were different from the mainstream kids that existed at that point in time. Therefore, what educators did, with what were considered to be the best of intentions in those days, they created a new program for them. We were not going to give them general education. It was for everybody's children, including my father, and his father, and his father. We were going to give them a vocational education, training for a job. That split has continued over the years, and increasingly the concern has been as this society tested and reached for new forms of equality and saw the form of education as being the major instrument for achieving that kind of equality, that a dual system within the academic structure was not only inescapable but impermissible.

This bill goes a long way in a dramatic way to healing what has been the split historically. I think for a minute about a country today where we need to have a new vocational education or technical bill. This is a society that graduates 13 lawyers for every engineer. That in itself is a frightening statistic, when we think about the requirements that this country is going to face in the 21st century. Still, we lag behind in an even more critical area, even further behind, which is the creation of technicians, men and women who do, who build, who fix, who design. That is the guts of the infrastructure of this country as we work toward new technologies. It is an area where we are falling way behind.

In order to upgrade the image of vocational education, it takes more than a title change, and we have done that. It takes a substance change. It takes innovation. In fact, this bill does two things that I think make it an extraordinarily important piece of legislation. First of all, it gives more flexibility to States and to local areas to design their programs the way that they think will work for children. Secondly, within that, and the second point is it has elements of program improvement from the innovation of the Member from Michigan's tech prep section to the integration of job-related education with general education. This bill seeks to break the walls down and make sure that they stay down so that every child, whether they enter a general or a college course, or whether they start in a technical course, it is going to get the best of both. This country needs to make sure that every child gets the best of both so that we have the best trained human resources and citizenry in the 21st century.

Mr. LAGOMARSINO. Mr. Speaker, I rise in support of the conference report on H.R. 7, the Carl D. Perkins Vocational Education and Applied Technology Amendments of 1990.

Vocational and applied technology training is a critical element in preparing today's students for tomorrow's workplace. The workforce of the future will be challenged by many goals and obstacles that are quite different from those faced by past generations. The changing economic climate of our post-industrial nation will demand well-trained and highly skilled individuals. I believe that the provisions of H.R. 7 will help America's educational system be prepared to meet those demands. The Federal support for Tech-Prep Programs will be especially beneficial to California's community colleges, many of which began implementing such programs 8 years ago.

The conference report on H.R. 7 not only reauthorizes many vocational education and applied technology programs, but it reemphasizes the importance of these programs and redirects the targeting of these programs to those Americans who are most in need of assistance.

I commend the conferees for the flexibility written into the allocation formulas in the bill. The great diversity of California's educational system necessitates such flexibility to ensure that the State is able to meet the congressional intent of making education and training available to those who are least able to afford it.

I urge my colleagues to join me in supporting the passage of the conference report on H.R. 7.

Mr. RAHALL. Mr. Speaker, I rise in strong support of the Vocational Education Act reauthorization bill.

H.R. 7 authorizes a total of $1.6 billion to be appropriated in fiscal year 1991, nearly $700 million more than the $930 million appropriated in fiscal year 1990.

During our development of the bill in the Education and Labor Committee, on which I was privileged to serve, I focused as other Members did, under the leadership of our able chairman, Mr. HAWKINS of California, on our need to smooth the transition from school to work to ensure that students were well-prepared for entry-level jobs in the market place, but also—and more importantly—that vocational education consists of applied academics as well as occupational skills training.

While I am most pleased to have been able to focus on consumer and homemaking education, including an increased authorization of $38.5 million in fiscal year 1991, I was also involved in the development of the provisions in the bill, introduced by my friend from Kentucky, Mr. PERKINS, to provide funds for state-of-the-art equipment for our vocational schools, and for new or renovated facilities for vocational school students. When I visited my vocational schools during consideration of H.R. 7, and the absolute need for up-to-date equipment for use in training students for today's workplace is clearly evident, and run-down facilities in need of modernization, or facilities that just are not adequate to house the students participating in vocational education is clearly evident as well.

In addition to the all-important increase in basic State grants, H.R. 7 authorizes the Tech-Prep Education Act, which enjoyed broad bipartisan support, and is authorized to be funded at $125 million. I look forward to the implementation of this program nationwide, for it combines secondary and postsecondary education activities that lead to an associate degree or a 2-year certificate for participating students. Such degrees and/or certificates will show that the student has been prepared in at least one field of engineering technology, applied science, mechanical, industrial, practical art or trade, agriculture, health, or business, through a sequential or coherent course of study, and will lead to employment. I predict that this program will become one of the more successful ones contained in the Act.

H.R. 7 reserves a higher percentage of funds for State programs—25 percent instead of 20—but it reduces State flexibility over use of those funds. The bill decreases the amount a State can use for administration from 7 to 5 percent, but gives them a minimum of at least $250,000, with each State reserving $60,000 for the sex equity coordinator, and permission to use the remainder of administrative funds for specific purposes, such as plan development, technical assistance, and compliance with Federal laws.

For State programs and State leadership activities, the bill reserves 8.5 percent of

funds, down from 13 percent in previous law, for use for professional development for vocational and academic teachers, integration of vocational and academic instruction and coherent course sequences, and program assessment of performance standards and outcomes.

Sex equity and programs for displaced homemakers, single parents, and single pregnant women are funded by setting aside 10.5 percent of a State's basic grant—specifying that not less than 3 percent be used for sex equity and not less than 7 percent for single parents, displaced homemakers, and single pregnant women. One percent is to be used for criminal offenders. Local recipient grants are reduced from 80 percent to 75 percent under the bill.

H.R. 7 repeals most requirements for nonfederal matching of Federal funds, with one notable exception being that states must match funds reserved for administration on a dollar-for-dollar basis.

Under the bill, 75 percent of each State basic grant must be distributed to local recipients for secondary, postsecondary and adult vocational programs, with States having the discretion to decide the proportion of funds to be distributed between secondary and postsecondary and adult programs, following specific formulas in the act.

Throughout the act, we have focused on bringing credible, useful vocational education programs back to the secondary school level, to focus vocational students on the academic side of the ledger, stressing academic learning as an integral part of manual or occupational skills training. The programs are targeted to special population needs, among them the economically and educationally disadvantaged, the handicapped, women and minorities, assuring access and appropriate services are available.

Mr. Speaker, I commend our esteemed chairman, GUS HAWKINS, and our very able ranking minority member, BILL GOODLING, for bringing this bill out of conference with the Senate with the most important House provisions intact. I also would like to join my colleagues in expressing thanks and appreciation to our respective staff members. It took many hours, days, weeks, and months to reach agreement on a new, modern, forward-looking vocational education initiative, which will bring today's students into the 21st century who are more able, confident, and better prepared to compete locally and globally in the marketplace.

I strongly support the adoption of the conference agreement on H.R. 7, and urge my colleagues to vote in favor of its passage.

Ms. SCHNEIDER, Mr. Speaker, I rise today to express my strong support of H.R. 7, the Carl Perkins Vocational and Applied Technology Education Act Amendments of 1990. As a founder of the competitiveness caucus and a member of the executive boards of the congressional clearinghouse on the future, the congressional institute for the future and worldwise 2000, I know how important this measure is to our work force in the next century.

The future of the American economy depends on an increasingly better educated work force. For the first time in U.S. history, a majority of all new jobs will require education beyond high school. Moveover, a knowledge of basic technologies will be a requirement for nearly every job. In the past, women and girls have been tracked into traditional female occupations, such as clerical, retail, and service trades, while men and boys have been trained for higher paying technical, and construction occupations. According to the national coalition for women and girls in education, a full 70 percent of female secondary vocational school students are simply tracked in programs leading to traditional female jobs.

I am proud to say that this bill includes provisions from legislation that I introduced to ensure the continuation of full access to quality vocational education services for millions of women and girls in this country. These provisions clarify and strengthen certain parts of the Carl Perkins Act of 1984 including the current 8.5 percent set-asides for women and girls. They also add displaced homemaker to the definition of eligible women. And finally, they clarify and strengthen the role of the sex-equity coordinator, or the individual responsible for administering vocational education funds for women and girls.

This will guarantee access to women and girls in nontraditional jobs in high tech work. It provides funding for single mothers seeking vocational and technical education. My legislation was built upon the strengths of an already successful program that is providing a vital resource for thousands of women in this country. We cannot afford to lose these set-asides. Without continued Federal leadership and targeted Federal dollars, women and girls will not receive the vocational services they need. Records show that prior to the passage of the Perkins Act and the inclusion of the set-asides, less than 1 percent of all State money was spent on women and girls.

In my own State of Rhode Island, our vocational education programs are very successful, with a placement rate of 90 to 92 percent. But only 38 percent of the participants in these programs are female. And, I regret to say, most of them are staying within the traditional job areas that pay less. These provisions will help encourage women to seek out nontraditional jobs and higher salaries. We need to provide opportunities and incentives for these women to achieve their potential.

We have no time to lose. Preparing women for the work force has never been more important. Projections from the department of labor indicate that between now and the year 2000, almost two-thirds of all the new entrants to the workforce will be women. By 2000, women will compromise nearly half of the Nation's labor force; and 80 percent of women ages 25 to 54, will be working.

Women and the families they support are increasingly at risk of living in poverty. Without access to education and training as well as support services, many women find themselves among the working poor. According to the Senate budget committee, 43 percent of women workers are currently in jobs that pay below the poverty level—compared to 27 percent of men.

Full access to quality vocational education for women and girls cannot be compromised. Vocational education offers the individual a lifelong set of skills that can provide economic self-sufficiency in a changing labor market, and offers the country a valuable cadre of experts who perform many of the jobs that keep the economy functioning.

Mr. PRICE. Mr. Speaker, I rise in support of the conference report on H.R. 7, the Reauthorization of the Carl D. Perkins Vocational Education Act.

H.R. 7 will help our people prepare themselves for satisfying and rewarding work, and will help our country secure our economic future. It is clear that our competitiveness will depend on a skilled and literate work force—on preparing our young people for the more demanding office, laboratory, and factory jobs of tomorrow.

I am particularly pleased that the conference report incorporated Representative FORD's tech-prep legislation. This program links the last 2 years of high school with 2 years of college in a sequence of courses designed to increase students' technical skills. Partly modeled after programs in place at several North Carolina community colleges, the Tech-Prep Program is intended to lead to a 2-year degree or certification, technical preparation in practical fields, a high level of math and science skills and eventual job placement. In North Carolina, these programs have proven to be a solid approach for addressing the need of students who do not choose to pursue postsecondary education.

I also want to express my special appreciation to the House conferees for insisting on the House position regarding the formula split of funds for secondary-postsecondary programs. Their decision to give each State the option of determining its own internal split of Perkins funds will give States the flexibility to determine how Federal funds can best supplement their individual programs. This was a position supported by numerous community college systems in our country—including the North Carolina community colleges.

Vocational education and tech prep are vital parts of our educational system and need our ongoing support. I urge my colleagues to continue this investment in this country's human capital and join me in supporting H.R. 7.

Mr. CRAIG. Mr. Speaker, I have long been a strong supporter of vocational education, and I am supportive of the Carl D. Perkins Act and vocational education programs in general. I beleive that the Committee on Education and Labor and the House conferees have worked very diligently in their consideration of H.R. 7.

Last year, I discussed this legislation with the Idaho director of vocational education, the director of vocational rehabilitation, the director and members of the State Council, the Idaho Vocational Agriculture Teachers Association, the head of agricultural and extension education at the University of Idaho, the Idaho Education Association, and many, many teachers. They all expressed varying degrees of concern regarding H.R. 7. Therefore, I did not support the original bill passed by the House last year.

While I remain concerned about the effects of the funding formula in the Perkins Act, I am pleased that many of the changes I supported, on behalf of my constituents, were made in conference. Vocational education provides many important programs for Idahoans. The

people involved with vocational education in my State have done an excellent job, creating effective, worthwhile programs. For these reasons, I do support passage of the conference report.

Mr. POSHARD. Mr. Speaker, I rise in support of the conference report on H.R. 7, the Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990. The report outlines the excellent compromise which my colleagues and I on the conference committee worked out with the Senate. I believe it fully represents the substance of the House's positions on a number of important issues, and I am convinced that the final bill will help us improve the quality of job and skill-related training.

One of the most important aspects of this bill is the new emphasis which it places on the integration of both academic and vocational skills. That goal will be difficult to achieve, but is absolutely essential in today's increasingly technical and information-based working world.

The bill also contains Congressman BILL FORD's Tech-Prep Program to coordinate vocational programs offered in high schools and postsecondary schools. This is a bold move forward and it has generated a great deal of support, interest, and enthusiasm in my home State of Illinois. Our educators are excited about what they see as a more comprehensive approach toward training today's students for tomorrow's work force.

I would like to commend Chairman HAWKINS for his strong leadership in shepherding this bill through the legislative process. It is an excellent report and I urge all of my colleagues to support its adoption.

Mr. BRENNAN. Mr. Speaker, I rise today in support of the Perkins Vocational and Applied Technology Act. I fully support the bill's purpose, and although I have concerns which I have shared with the conferees about certain provisions in the reauthorization bill, I am confident that this legislation will be implemented and adjusted to serve the academic, vocational, and technology needs of today's generations and tomorrow's society.

We are approaching a world where education and employment skills are synonymous with economic independence and the ability to survive in a competitive society. As a nation, we are only as strong as our weakest link. A lack of academic and skill development opportunities is a clear indication of the presence of a weak link.

This bill targets assistance to those most in need of vacation and education services. Individuals with low incomes, disabilities, or limited English proficiency will benefit from the act. Dislocated workers, displaced homemakers, pregnant women and teenagers, youth offenders, and men and women striving to enter nontraditional jobs will benefit. And of course, we all benefit from a more fully educated and employed society.

I congratulate the conferees on preserving the States' flexibility in determining how funds should be distributed between secondary, postsecondary, and adult education programs. Earlier proposals to require States to direct 65 to 75 percent of Perkins funds to the secondary level would have forced my home State of Maine to completely reverse its State allocations.

As States strive to meet their particular education and employment needs, it is essential to allow them discretion in determining where the greatest needs are, and it is essential to allow them the flexibility and leadership necessary to effectively and cost-efficiently serve the intended beneficiaries of Perkins' programs. I remain concerned about the limited resources many States are facing and their ability to effectively implement quality vocational programs for special populations in light of budget deficits. However, I do believe the conference report is a step toward recognizing the need for State-level flexibility and leadership in the education and job training arenas, and I believe it is a positive change for vocational education in the United States.

Once again, I urge my colleagues to join me in support of the Carl D. Perkins Vocational and Applied Technology Amendments of 1990. I also ask that we continue to work to coordinate the academic, vocational, and employment training programs available to needy individuals in our Nation, and to ensure these programs are producing competent, educated, and employable individuals who will be able to live meaningful and fulfilling lives within our communities.

Mr. DORGAN of North Dakota. Mr.Speaker, I rise in support of the conference report on H.R. 7, the Carl D. Perkins Vocational and Applied Technology Education Act. As I do so, I wish to congratulate the chairman and ranking member for their leadership in shaping a bill that responds to America's vocational education needs in the 1990's. I also want to thank the gentleman from Michigan [Mr. KILDEE] and the gentleman from Montana [Mr. WILLIAMS] for their leadership and cooperation on the Indian vocational education measures in the bill.

GENERATING WORKFARE

I am particularly pleased that the Indian titles in the bill address the unique educational and economic problems evident in Indian country. The key need on reservations is generating durable businesses and productive jobs.

Staggering unemployment and the attendant poverty are the roots of so many other reservation maladies, such as the alarming rates of alcoholism, diabetes, and child abuse. Even as we tackle these as discrete problems with sufficient resources and creative programs, we must engender support for workfare and curb dependence on welfare. Otherwise we will only see a further repetition of the endless cycle of joblessness, poverty, and social problems.

Creating jobs, however, assumes that Indian communities have developed a trained pool of workers and managers. On too many reservations that is not now the case. This bill responds to that problem by reaffirming basic Indian programs and by establishing new programs in Indian postsecondary vocational education.

SUPPORTING INDIAN POSTSECONDARY INSTITUTIONS

The latter programs in the bill reflect legislation which I introduced with my colleague, the gentleman from New Mexico [Mr. RICHARDSON]. I am reassured from discussions with committee staff that our focus on support for the United Tribes Technical College, the Crown Point Institute, and Tribally Controlled Community Colleges is manifested in title III, part H, and title IV.

It is clear from the language in title III, that United Tribes and Crown Point will be eligible to continue their leadership in Indian vocational education by tapping grants available to postsecondary institutions. United Tribes Technical College in Bismarck, ND, has placed some 80 percent of its graduates in paying jobs, a remarkable achievement given reservation unemployment rates of equal magnitude. It's all the more remarkable when you consider that 70 percent of United Tribes' graduates once received welfare. Surely this is one needed route to self-sufficiency.

Indian tribal colleges are recognized in the bill, as well, for their special role in promoting economic development on Indian reservations. The bill will enable the colleges to improve their vocational education programs, to assist with economic development planning, and to train tribal leaders, among other tasks.

The bill reinforces support for these Indian postsecondary institutions because it does not diminish eligibility for other Federal programs. That's a critical feature of this legislation.

In conclusion, matching trained workers with vibrant enterprises is precisely the right prescription for Indian country today. Tribal leaders and tribal members alike have striven to achieve that goal and I am pleased that this bill will make it more achievable. It's also the approach we need to stop the waste of tax dollars on welfare and to ensure instead that invested tax dollars flow back to the Treasury. These titles in the bill, then, will not only benefit native Americans but all Americans.

Mr. CONTE. Mr. Speaker, I rise in strong support of the conference report to H.R. 7, the Carl D. Perkins Vocational and Applied Technology Education Act.

I had hoped to speak on behalf of this act when it was debated on Thursday morning, but found myself at the budget summit at Andrews Air Force Base working on a measure to resolve our fiscal woes. As a longtime supporter of vocational education and a person who is deeply concerned about the manner in which future workers are prepared I did not want to miss this opportunity to support the reauthorization of a very important law.

As we all know it is very difficult to improve a masterpiece, but that is what our esteemed colleagues on the Education and Labor Committee have done. They used the reauthorization process to take a diamond-in-the-rough law and turn it into a jewel laden act that will touch the lives of countless students for years to come by bolstering the academic and vocational training available in our public schools.

The new jewels that have been added to the proposed $1.6 billion voc-ed crown are noteworthy. They include the new tech-prep program authorized at $200 million, $10 million for high technology training grants for business-education-labor partnerships, and $8 million is for community employment and lighthouse schools. It also includes $20 million for new career guidance and counseling programs and up to $100 million for supplementary assistance for economically depressed areas.

In addition to special programs some individuals also receive special services via the funds that have been targeted for students who are disabled, economically disadvantaged, do not speak English very well, and workers in nontraditionally occupations.

These gems are but of few of the terrific programs in H.R. 7, an act that addresses a major weakness in our educational system, the needs of students who are not headed to college. The act does not mandate how much money the States should use on either secondary or postsecondary programs but does designate 25 percent of the funds via formula for State programs with the rest going to the basic vocational education grants.

By all measures the act is a masterpiece. It has the support of the administration, the vocational education community, the Senate and now the House. I salute the conferees for a job well done and all my colleagues who supported H.R. 7.

I also want to take this opportunity to thank Chairman HAWKINS for the leadership he has provided on this and other education issues over the years and to say that his presence in this Chamber will be missed when we reconvene next session.

Mr. PENNY. Mr. Speaker, I rise in support of the conference report on H.R. 7, the reauthorization of the Carl Perkins vocational education programs and commend the able leadership of Chairman GUS HAWKINS and BILL GOODLING for their good work on this important measure.

Important to Minnesota was whether to target vocational funds to secondary or postsecondary students. The conference report provides that the States will continue to decide where the money is needed, within a formula. This will insure continued flexibility in the distribution of Federal dollars to where they can accomplish the greatest good. The new Perkins Act also provides, for the first time, that funds could be directly provided to area vocational schools or to the local education agencies servicing those schools. Second, the new law will require that Federal funds serve four important populations: the economically disadvantaged, the disabled, the limited English proficient, and men and women seeking training in nontraditional occupations. The report stipulates that funds at the local level be spent on program improvement, services for the targeted populations, and the integration of academic and vocational education.

Third, the new law will provide a strengthened emphasis on guidance and couseling. This means both prevocational counseling and comprehensive guidance once a student is pursuing a course of study and during the job search. Finally, the new Perkins Act retains programs for single parents, displaced homemakers and single pregnant women. The new law also provides support for the tech-prep concept linking secondary and postsecondary education with apprenticeship training.

I urge my colleagues to join me in supporting this vitally important education bill.

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

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

The SPEAKER pro tempore (Ms. SLAUGHTER of New York). Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HAWKINS. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include therein extraneous material on the conference report on H.R. 7 just agreed to.

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

There was no objection.

NATIONAL SERVICE ACT OF 1990

Mr. BEILENSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 463 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 463

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. 4330) to establish school-based and higher education community service programs, to establish youth service programs, 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 the amendments made in order by this resolution and which shall not exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, 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 Education and Labor now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, said substitute shall be considered by titles instead of by sections and each title shall be considered as having been read, and all points of order against said substitute for failure to comply with the provisions of section 303(a)(4) of the Congressional Budget Act of 1974, as amended, and with clause 7 of rule XVI are hereby waived. 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.

The SPEAKER pro tempore (Mr. HAYES of Illinois). The gentleman from California [Mr. BEILENSON] is recognized for 1 hour.

Mr. BEILENSON. Mr. Speaker, I yield the customary 30 minutes for purposes of debate only to the gentleman from Tennessee [Mr. QUILLEN] and pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 463 is the rule providing for consideration of H.R. 4330, the National Service Act of 1990. This is an open rule, providing for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor.

The rule makes in order the amendment in the nature of a substitute now printed in the bill as original text for purposes of amendment, and it provides that the substitute shall be considered by titles instead of sections, with each title considered as having been read.

The rule waives clause 7 of rule XVI, which prohibits nongermane amendments, against the substitute. This waiver is needed because the Education and Labor Committee added a third title, the Good Samaritan Food Donation Act, which was nongermane to the bill as introduced.

The rule also waives section 303(a)(4) of the Congressional Budget Act, which prohibits consideration of new entitlement authority prior to the adoption of the budget resolution, against the substitute. This waiver is necessary because the provisions of H.R. 4330 which permit the deferral or partial cancellation of student loan payments for certain volunteers are considered new entitlement authority. The cost of those provisions is minimal, only $500,000 annually. Since H.R. 4330 is an authorization bill, all of its other provisions are subject to appropriations.

Finally, the rule provides for one motion to recommit, with or without instructions.

Mr. Speaker, H.R. 4330, the bill for which the Rules Committee has recommended this rule, would expand and improve opportunities for civilian service, particularly for young Americans. Such opportunities are extremely important both for the people who will benefit from volunteer services and for the volunteers themselves. At a time when there are so many unmet needs in society, and when it is obvious that we are not doing enough to foster in young Americans an ethic of community service and commitment to others, this legislation is urgently needed.

Mr. Speaker, I urge the adoption of House Resolution 463, so that the House can proceed to consideration of H.R. 4330.

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Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, the able gentleman from California [Mr. BEILENSON] has explained the provisions of the rule, and I will not repeat those provisions. Mr. Speaker, I would like also to commend the ranking Republican member of the Education and Labor Committee, the gentleman from Pennsylvania [Mr. GOODLING] and the chairman, the gentleman from California [Mr. HAWKINS] for the fine job they have done in putting this legislation together and bringing it to the floor of the House.

We are going to miss the gentleman from California [Mr. HAWKINS]. In his last days in the House since he has announced his retirement, I want to tell the Members how much I have enjoyed working with the gentleman. He certainly is a true gentleman in the best sense of the word. He has earned the respect of the Members of this body and his service has been noteworthy throughout this Nation of ours. I salute the gentleman from California especially for his dedication and his loyalty to the betterment of education and of labor.

This bill is one that the gentleman appeared on before the Rules Committee. There was no controversy at that time.

Mr. Speaker, I support the rule and ask for a yes vote on the rule so that we can get down to the business of discussing the measure as a whole. If there is controversy on it, the Members of the body will have an opportunity to discuss the issues involved under this open rule.

Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. PORTER].

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

Mr. Speaker, this bill obviously concerns volunteers. It depends upon volunteers and their willingness to come forward and to offer their services in many different areas and in many different ways. That willingness depends increasingly in America, upon their perception of what it is they are undertaking, and I refer, Mr. Speaker, to liability concerns.

Unfortunately, increasingly in our country people worry that if they are going to volunteer—either in a direct service capacity or to serve on the board of an organization—that somehow they may end up in a court of law defending their assets, their homes, their farms, against a lawsuit. This has been documented in study after study taken across this country, and the chilling effect—the worry about ending up as a defendant in a court of law, at risk—is preventing many people who would otherwise be willing to come forward, from coming forward and offering their services.

Organizations like the Red Cross, the Boy Scouts and Girl Scouts, the PTA, the AAUW, and hundreds of others like them, have found, very increasingly, great difficulty in getting volunteers to come forward and offer the services needed to make their programs succeed.

Mr. Speaker, 3 years ago I offered to the Congress H.R. 911, a bill that would encourage States to amend State law—because this is essentially, primarily a matter of State law—to encourage State laws to be amended to give volunteers the immunity that they ought to have in order to encourage people to keep coming forward. In other words, people who are willing to volunteer their time and give their efforts to organizations that help others ought to be able to do so without ending up in a court of law as a defendant. Their organization ought to be the one that ends up as the defendant if somebody is injured or hurt as a result of their activities within the scope of their volunteer duties. The organization ought to end up as the defendant, not the individual. The individuals ought to be given immunity where they are acting within the scope of their volunteer duties and not in a willful or wanton manner. The organization should be made to be the defendant if any problem occurs. That was the essence of H.R. 911.

I might say, Mr. Speaker, that 254 Members of the House signed on as cosponsors to that legislation in the last Congress. Unfortunately, the committee of jurisdiction did not even give it a hearing.

In this Congress, the legislation has been reintroduced as H.R. 911. It has over half the House as cosponsors. It has, in this Congress, not received a hearing, either.

Mr. Speaker, this is essential legislation to getting people to come forward and volunteer. Two hundred fifty national organizations of the type I have just described ascribe to this legislation and support it and believe it is necessary to keep volunteerism alive in our country.

I would like to offer, and I hope to offer, the essence of this volunteer protection legislation as applied to the bill that we will consider under this rule. What it would do would, in respect to one of these programs, is make the organizations liable, but give direct service volunteers and board members a clear conscience, that they can come forward without any problem that will find them in court, unless they are acting outside the scope of their volunteer mandate or acting in a willful and wanton manner.

I would hope that the Members who are cosponsors would be alerted to the essentiality of this amendment. I would hope that others who may not be familiar with it would consider that liability concerns are increasingly a problem in our country. They are affecting many, many areas of American life—from the production of American products and their competitiveness overseas, to how our doctors and other health care providers treat patients—and what a waste it is for so much defensive medicine to be practiced in this country when those resources could be put forward to help people—to as simple a case as whether an individual will come forward and volunteer for something that needs to be done for others who are perhaps less fortunate than they.

I would hope that the Members would be alerted to the need for this kind of approach to be applied to this legislation, and I hope to offer that amendment when we consider the bill.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. WALKER].

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

Mr. Speaker, one of the reasons why we are going to have this bill on the floor today is because we are seeking to have legislation brought to the floor that would not interfere with what is happening out at Andrews Air Force Base in the budget summit.

□ 1220

The DOD bill had to be pulled off the floor because they could not proceed until they got firm figures from the people who are engaged in the budget summit.

The people engaged in the budget summit have a real problem. They are trying to find ways to save enough money to get this Nation's economic situation back in order. One of the things where they are trying to find money is in the entitlement programs.

What does this rule do? Well, this rule brings the waiver of entitlements so that we can create a brandnew entitlement while they are out wrestling with exactly that problem at Andrews.

That does not make any sense. What in the world are we doing here? We are struggling to try to find ways to save money, and this bill would authorize $212 million of spending for brandnew programs, including new entitlement authority.

It just makes no sense at all. We ought to turn down the rule, based upon the fact that it has that waiver in it. We ought to be very cautious of this bill. This bill is not a noncontroversial bill.

The administration has a strong veto message on this bill. I will read to you from it. It says: "The administration strongly opposes H.R. 4330 because it is incompatible with the President's concept of voluntary service. If H.R. 4330 were presented to the President in its current form, his senior advisors would recommend a veto." They then

go on to point out about five different places where this bill has major problems and ought to give us real concern about its passage.

So I would suggest to the House and I would advise the House that this is a bill that, in its current form, will be vetoed. It is a bill that creates brand-new entitlement authority. It is a bill that creates $212 million in brand-new spending. It is a bill which gets in the way of all of what we have believed about voluntarism in America that is locally based. It is a bill that has major problems.

I would ask the House to reject the rule and to reject the bill.

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

Mr. Speaker, yes, there is some opposition to the bill. As the gentleman would say closing, the administration at the moment is not in favor of the bill. Some of those problems can be worked out in the immediate future. I would ask Members, however, not to be concerned about the waiver nor to be frightened away by the statements of our friend, the gentleman from Pennsylvania. As this gentleman stated earlier, the waiver is necessary because the provisions permit the deferral of partial cancellation of student loan payments for certain volunteers. That is considered new entitlement authority. That in fact is true, it is a new entitlement authority. But the cost, as the gentleman has told the Members earlier, is minimal.

The gentleman said earlier, $500,000 annually. In fact, CBO [Congressional Budget Office], says it is less than $500,000 per year. That is a very small amount of money. The gentleman would suggest to Members that that is not an adequate reason for turning down the rule.

It is an open rule. All of these matters will be before the Members later today, this afternoon, and this gentleman urges people's support of the rule.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. HAYES of Illinois). The question is on the resolution.

The question was taken, and on a division (demanded by Mr. WALKER) there were—ayes 7, noes 3.

So the resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Pursuant to House Resolution 463 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. 4330.

□ 1225

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. 4330) to establish school-based and higher education community service programs, to establish youth service programs, and for other purposes, with Mr. OBEY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from California [Mr. HAWKINS] will be recognized for 30 minutes, and the gentleman from Pennsylvania [Mr. GOODLING] will be recognized for 30 minutes.

The Chair recognizes the gentleman from California [Mr. HAWKINS].

Mr. HAWKINS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, national service means Americans giving their time and effort to enhance the national good.

This bill is intended to promote national service by incorporating service learning into elementary and secondary school curricula, offering incentives to colleges and universities and college students to do service, especially in our Nation's schools, and creating American Conservation and Youth Service Corps to enable youth to carry out a variety of projects addressing unmet environmental and social needs. H.R. 4330 gives Americans, particularly disadvantaged youth the opportunity to serve their communities, their country, and themselves.

This bill, which reflects the contributions of many members on and off the Education and Labor Committee, is intended to build upon existing worthwhile community service efforts and enhance their potential for addressing unmet social needs. H.R. 4330 responds to the same concerns that the President noted when he proposed his points of light initiative in his inaugural address. This bill is an attempt to make the concept of service more central to American's life and work.

I want to make several points:

First, according to the organization Independent Sector, less than half of Americans are active volunteers. The typical volunteer is a white female between 35 to 44, married with no children and employed with an income of between $20,000 and $40,000. This legislation targets the young, the poor, and others presently not asked to serve. Further, it promotes opportunities for senior citizens through a blend of new and existing programs.

Second, it does not create cumbersome bureaucratic structures but rather uses existing administrative systems.

Third, this bill is fiscally responsible. For less than $200 million, it will generate hundreds of thousands of hours of community service.

Fourth, this bill is intended to expose more people to community service. It emphasizes exposing youth to these opportunities because studies show that young people who have served continue to do so throughout their adult lives.

Fifth, service learning also appears to be an effective technique in keeping students involved with school. It is consistent with the Congress' focus on programs to fight school dropouts.

Finally, this bill is faithful to a set of principles which emerged from hearings conducted by the Education and Labor Committee. First, it categorically rejects any linkage between service and student financial assistance. Second, it contains adequate and realistic protections regarding job displacement. Third, the programs authorized include appropriate compensatory education and job training, where necessary. Finally, it recognizes the large number of service efforts underway in virtually every American community and therefore intends to build upon, not smother, these efforts.

Similar legislation passed the Senate overwhelmingly with strong bipartisan support. I urge Members to pass this bill so that we can go to conference to produce a bill that achieves the widely shared goal of enhancing civic mindedness and good citizenship at a time when many Americans, particularly youth, are alienated from the system.

□ 1230

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I wish the honeymoon and the love-in that we had on the previous bill could continue on this bill. Unfortunately, it will not.

I am pleased that the Committee on Rules gave us an open rule. The only problem is that I, as the ranking member, only found out that the bill was coming to the floor at 9:15 this morning, meaning other members of the committee found it out even later. It is pretty difficult to get amendments prepared and ready as well as change schedules in order to present them. So, the open rule, unfortunately, does not help us to clean up the bill. I am pleased, however, that they did give us that opportunity.

Mr. Chairman, there has been considerable interest in this issue. Dozens of bills have been introduced in this Congress, the President addressed it in his State of the Union Message, and the Committee on Education and Labor has held over five full committee hearings on the issue.

The bill before us provides grants to colleges, elementary and secondary schools, and State and local conservation corps to establish or expand community service programs. The major focus of these programs is our youth, but it also provides for the participation of senior citizens.

Mr. Chairman, I have some concerns about the bill, and the administration has indicated its opposition to the bill, and I probably should read that opposition into the RECORD at this particular time.

The President strongly supports the concept of community service. He has challenged all individuals and institutions to make service central to their lives and work.

The administration, however, strongly opposes H.R. 4330 because it is incompatible with the President's concept of voluntary service. If H.R. 4330 were presented to the President in its current form, his senior advisers would recommend a veto.

H.R. 4330 would: Provide unnecessary financial incentives for service. It includes unjustified determent and cancellation of certain student loan payments for full-time professional staff in drug counseling, prevention and treatment programs, and full-time volunteers. These costly provisions extend the concept of volunteer far beyond reasonable bounds. Attempt to direct community service efforts from the Federal level rather than from the community. Emphasize short-term volunteer participation and financial rewards, concepts inconsistent with a substained commitment to voluntarism. The reward for voluntary service should never be seen as financial.

Mr. Chairman, there are other reasons why he would veto the legislation. Hopefully we will have an amendment or two that will clean it up so that it perhaps will not be as objectionable to the President or to many of us.

I have some concerns about the bill, as I indicated. First, the inclusion of loan cancellation provisions is troublesome as there is no reliable evidence that it would enable individuals to choose a public service career who otherwise would not. We also do not know what the fiscal impact of such a provision would be. First of all, it is a very discriminatory approach in my estimation. We are saying to people who receive Perkins loans that it is important to volunteer. Now to those who do not receive Perkins loans, I suppose it is not as important. The argument will be made that we know the purpose is to allow those people who ordinarily would not be able to afford to volunteer to volunteer. I have a little trouble following that line of thinking. With respect to the cost I would like to ask a question. Since the Perkins loan is a revolving fund to the college or the university, if we forgive that loan for the student and then the money does not come back to the revolving fund, do we then say to the college, "You don't have a revolving fund," or do we ask for additional money and additional revenue in order to continue the revolving fund? One or the other has to be done because there is no way to keep it going if these loans are canceled.

I had to laugh at CBO's comments on this provision because they said it probably would only cost $500,000 a year when fully implemented. That is because they go on to say, "It is available only for young persons with a major commitment to service and who make a major sacrifice to perform the service." CBO goes on to say that very few young people are willing to make this kind of sacrifice.

Again, I would hope that before we finish consideration of this bill we can offer the amendments, or at least in the conference report that will make it an acceptable bill to the administration. Notwithstanding these concerns I have, I cannot discount the value of community service, both to the participants and recipients of such service. In my State of Pennsylvania they have a very active service corps, PennServe, and a public-private partnership called the Pennsylvania Citizens Service Project. Each of these programs could be enhanced by this bill. However, we must be careful that we do not discourage true voluntarism by offering financial guarantees.

Mr. Chairman, I encourage my colleagues to listen carefully to the debate on the bill, and the issues raised by this bill and to the amendments that will be offered today. I believe that we all can support the concept of volunteer service and its value to our communities whether or not we believe that the bill in this form is the appropriate vehicle to encourage such support. Probably the bill represents a basis from which we can develop a national service policy, but in its present form it does not give us that opportunity. Perhaps it would be better dealt with in amendments to JTPA, and certainly a part of it should be considered in our higher education reauthorization.

Again, I am pleased for the open rule. I am only sorry that we do not have time to really make the open rule count, time to really develop the amendments that are needed in order to make this a bill that will be signed and a bill that will best serve voluntarism in the United States.

Mr. HAWKINS. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. NEAL].

Mr. NEAL of Massachusetts. Mr. Chairman, I rise to express my strong support for H.R. 4330, the National Service Act of 1990. I have been a long-time supporter of this type of measure and am happy that this measure has been brought to the floor today. A large number of people have worked to pull this bill together, from Captiol Hill to city and town halls and in thousands of schools and volunteer service organizations. I want to particularly thank Chairman HAWKINS, Congressman FORD, Senator KENNEDY, and all the sponsors of this measure for their efforts in behalf of volunteer programs. This is a good, solid measure and it will provide volunteer opportunities for thousands of students across this country.

As mayor of the city of Springfield, MA for 5 years I had the opportunity to help establish a community service learning program in that city. It has been a tremendous success. This program has become a catalyst for a renewed spirit of volunteerism in my home city and I believe a national program will do the same for America. This bill provides the seed money for a school- and college based comunity service program. If the Springfield experience is repeated nationwide, the schools will benefit, the communities will benefit and—most importantly—the students will benefit.

Just today I received some comments on the Springfield community service learning program from Carol Kinsley, who is the director of the program. She has put together reports from the teachers and principals who make it work in Springfield. For the past 3 years, hundreds of Springfield students have gotten involved in various volunteer program through this program. I would like to quote from remarks prepared by Carolyn Price, who is the principal of Lincoln School—kindergarten through fourth grade—in Springfield. She writes, "our test scores are higher. I would like to think that as community service becomes a part of school restructuring, C-S-L is one more component that adds to the success of the child. C-S-L builds more successful * * *." That kind of praise is common for the Springfield school volunteer program. Over and over, the teachers say that a school-based volunteer program helps students learn to care for themselves and for others. Voluntarism is a great learning experience, it is a great life experience.

Mr. Chairman, the other major benefit from a national service program is, of course, the work provided by the volunteers. In Springfield, many people and institutions have been enhanced by student volunteers. The elderly in nursing homes, in particular, have greatly enjoyed entertainment and reading programs that student volunteers have provided. Handicapped citizens and patients at area hospitals have also had their lives brightened by volunteers providing services.

It is my belief that good citizenship can, and should, be taught in our schools. The success of the Springfield program backs up that belief. Practical volunteer work, combined with course work, provides a much more realistic look at the world and better prepares students for adult life. Our young people are our greatest resource and a community service learning program improves both the students and the community.

This bill provides funds for grants to the States for them to implement school-based service learning programs. At least 80 percent of the funds will be passed through to the localities. Additional funds are provided for grants to institutions of higher learning to establish similar programs for college students. This is a much needed plan that will repay this modest cost a 100 times over. The National Service Act will benefit every community in this country and I urge all of my colleagues to vote for this measure.

□ 1240

Mr. GOODLING. Mr. Chairman, I yield such time as he may consume to the gentleman from Wisconsin [Mr. GUNDERSON].

Mr. GUNDERSON. Mr. Chairman, this is not much fun. I do not know of anybody in this Congress who does not believe in voluntarism. I do not know of anybody in this Congress who did not get here without one heck of a lot of volunteers in our campaigns and in our political activities. And now we are here debating not the goal of voluntarism, because I believe everybody in America that I know of believes in the merits and the worthiness of voluntarism, but what we are debating today is apparently a major philosophical gulf between those who believe the only way we can have voluntarism is to pay for it and have Government set it up and those who think it can come from the hearts and the minds of people in the communities and schools and churches and families and clubs and organizations of America.

I thought probably it would be helpful as we begin this debate to call on our good friends who make up the dictionary—this is Webster's—and so I looked up "volunteer." It says that a volunteer is one who enters into or offers for a service of his own free will—that is not through government organization, not through incentives, not through compensation, not through grants to local governmental agencies or anything of the sort; it is doing it on their own because they know it is right and they know it is good.

The fact is, Mr. Chairman, that we are meeting here and talking about setting up a new Government program, a new Government authorization, at the very time that the leadership of this Congress and the administration is meeting at Andrews trying to figure out how we are ever going to bring the deficit down.

We ask, who is the problem? We are the problem. We are the problem when we say the only way we can get voluntarism in America is to pass an act and set up a bureaucracy and set up all kinds of grants and programs through different departments.

We just finished passing the conference report on vocational education. Do you know what? Every Member on both sides of the aisle stood up and talked about how good that bill was. Yet today we fund 56 percent of the authorization for vocational education because we do not have any more money. Today we fund 50 percent of the authorization for chapter 1 to disadvantaged children because we do not have any more money.

Today, for every poor college student in this country who is eligible for a Pell grant, they are authorized under Federal law to get $2,900 a year, and we give them only $2,200. That is $700 less than the authorization, because we do not have any money.

Let us talk about Head Start. Today in Head Start we have an authorization or a need for approximately $8 billion. We provide $1.4 billion. Twenty percent of the projected need for Head Start is all we can provide. Why? Because we do not have any money.

We have the Job Training Partnership Act which we are going to modify yet in this session in a program that looks upon the committee chairman, the gentleman from California [Mr. HAWKINS], for his leadership in creating that program. But do you know what? We only fund 5 percent because we do not have any money.

Then we look at education for the handicapped. We at the Federal level said we are going to provide 40 percent of the cost of education for every handicapped child in America. We only provide 7 percent of the cost. Do you know why? Because we do not have any more money.

But here we are today in the midst of deficit reduction saying, "Let's pass a new bill, let's set up a new authorization. It doesn't cost much."

But not this year. Is there any Member in this Chamber who thinks that if we pass this bill to pay for a centralized bureaucracy for volunteerism in the midst of the deficit reduction summit, we are not going to be back here next year expanding the authorization? Come on. This is not any fun. I do not like to be against volunteers. I am for them as much as anybody else. But do we need a Government bureaucracy?

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

Mr. GUNDERSON. I am happy to yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, does the gentleman understand that if we take this action today, that we will be able to provide more volunteers as a result of the passage of this bill?

Mr. GUNDERSON. I would hope so.

Mr. WALKER. That was my understanding when I looked through the committee report and saw the premise of the bill. But has the gentleman heard any figure as to how many additional volunteers we are going to get out of it?

Mr. GUNDERSON. Actually I have read the committee report pretty closely, and the best I can tell is that there is no projected figure.

Mr. WALKER. I wonder, can any Member on the other side tell us? Maybe the gentleman could yield to some Member on the other side who will tell us how many additional volunteers we are going to get for $212 million. Is there any Member in the House who knows that figure?

Mr. GUNDERSON. I would be happy to yield for that purpose.

Mr. WALKER. Mr. Chairman, if the gentleman will yield further, I note there is a deafening silence. We have no idea, after we spend $212 million, how many additional volunteers we are going to get. Yet the whole premise of the bill is that we are going to get additional volunteers for the amount of money we spend. I think it is absolutely ludicrous that we would come to the floor and suggest that we have this bill that is going to do all these good things, but we do not have any idea how many additional volunteers it is going to produce.

What I do know is that under the present system we have been producing more and more volunteerism every year, that volunteerism in this country has gone up tremendously during the last 10 years, and that in communities across this country they have found more volunteerism, not less. We are about to get in the way of all that by adding a new Federal regulation and a new Federal bureaucracy over and above what is presently in place. Yet nobody can tell us how many volunteers it is going to produce.

□ 1250

It could in fact reduce the number of volunteers, if you put too much of a Federal overload on this.

Mr. NEAL of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I am happy to yield to the gentleman from Massachusetts.

Mr. NEAL of Massachusetts. Mr. Chairman, I thank the gentleman for yielding. I would cite the example earlier that I offered of the Springfield program, in which we expended a

salary of about $37,000 for a director. In the school system alone we came up with probably 10,000 to 15,000 from kindergarten through the senior high schools in the city of volunteers that participated broadly across the entire community.

I would also thank the gentleman from Wisconsin [Mr. GUNDERSON] for quoting from a dictionary that is produced in my home city as well.

Mr. GUNDERSON. Mr. Chairman, reclaiming my time, I appreciate the remarks of the gentleman from Massachusetts [Mr. NEAL]. I would ask the gentleman, did he have any funds for that project he set up?

Mr. NEAL of Massachusetts. Mr. Chairman, we used local and State money. But I think it is a wonderful model. Public money was used.

Mr. GUNDERSON. Mr. Chairman, I do, too. The tragedy of the debate we are going to have this afternoon is it is going to come off as some of us being against voluntarism. For gosh sakes, I hope no one in this body is against voluntarism. The question is do we need a Federal bureaucracy and appropriation to get voluntarism?

Mr. Chairman, I think my friend the gentleman from Massachusetts [Mr. NEAL] has clearly articulated we do not. Springfield did it with local funds.

Mr. NEAL of Massachusetts. Mr. Chairman, if the gentleman will yield, and State money.

Mr. GUNDERSON. And State money.

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

Mr. GUNDERSON. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, I just want to make one point, and that is that I just did some rough calculations here. In order to fund the $212 million, we are going to have to take every dime of taxes of 40,000 American families in order to pay for the cost of next year's program. Forty thousand American families are going to have to contribute every dime of their taxes, based upon just the average tax bill, in order to fund this program.

Mr. Chairman, it seems to me we ought to have some idea as to how many volunteers we are going to get for that level of sacrifice.

Mr. GUNDERSON. Mr. Chairman, reclaiming my time, let me go on. I think we are going to believe that this legislation, because it says the National Service Act, is all committed to just providing grants to local governments to set up volunteers. I would just like to call the attention of Members in the remaining time I have to section 224 of this legislaiton, which deals with the youth conservation and Youth Corps.

We can legitimately debate whether that kind of corps is or is not something that should be part of this bill, and whether you believe it is or is not going to be productive in the concept of education and training like the Job Training Partnership Act and vocational education, and so on. But I want all Members to understand what is included in this bill in section 224, where it says the following:

> Assistance under this title shall not be suspended for failure to comply with the applicable terms and conditions of this title.

(b) goes on,

> Assistance under this title shall not be terminated for failure to comply with the terms and conditions of this title.

Do Members know what I just said? I just said that under this act, under the language in front of us, once a grant is given, if that local agency does not comply, so what? We cannot suspend and we cannot terminate the program, unless we go through a long administrative hearing process.

If one thinks the administrator of a volunteer program at the Federal level should have to go through a long hewing process before they can suspend it during the hearing, or terminate it for just cause, then you begin to realize that this is not a Voluntarism Act, this is not a National Service Act, this is the new Bureaucracy Act of 1990.

Mr. HAWKINS. Mr. Chairman, I yield 3 minutes to the gentleman from Oklahoma [Mr. MCCURDY], who has presented to the body several of the bills that were considered by the committee, and whom I wish to applaud for his leadership in this particular field. I think the gentleman inspired and really moved us to action. For that we are deeply thankful.

Mr. McCURDY. Mr. Chairman, I thank the chairman, the gentleman from California [Mr. HAWKINS].

Mr. Chairman, I am a strong advocate and proponent of voluntary national service. I have traveled this country, as many have, and observed the number of programs in the States and communities. I have been on college campuses advocating national service. I have publicly debated the issues with notable opponents like Milton Friedman. I am a strong supporter.

Mr. Chairman, I believe America supports a real national service program, and as an advocate of this approach, I wish I could rise in strong support of this bill.

Mr. Chairman, I cannot rise in strong support. I will vote for it in order for it to go to conference, in order that we have a possibility and potential to include one of the Senate provisions currently in that legislation which was advanced by Senator NUNN and myself for a demonstration program of earned benefits for young people who provide service in return for some increased educational benefits.

I firmly believe national service can be a truly progressive solution, a fresh approach, to a number of social problems facing our Nation today.

Voluntary national service promotes citizenship. It expands opportunities for Americans to secure educational benefits. Furthermore, participants gain by working to address many of the ills that face this country today, whether it is illiteracy, homelessness, or the problems that are faced by many urban areas and communities across this great country.

Mr. Chairman, I do not disagree with incentives to promote voluntarism. However, I believe that a real national service program goes beyond this particular legislation, and I would urge, respectfully, the leadership of this committee to consider the demonstration program contained in the Senate bill.

I would love to come back and urge my colleagues to support a strong bill for a new, fresh approach for national service that can stand the scrutiny of the American people, that addresses the concerns they have, and answers the desire that they have to promote citizenship, and at the same time increase opportunities for our young people, and furthermore, to address many of the social ills that we do not have money for in this country today.

Mr. Chairman, we do not at the Federal level have the money, but I believe a real national service program can put people on the ground in America to deal with those issues.

Mr. GOODLING. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. PETRI].

Mr. PETRI. Mr. Chairman, I rise in opposition to the bill. The essence of voluntarism is that people do it on their own. They don't have to be told to do it. They don't have to be encouraged to do it. They don't have to be paid to do it. They volunteer on their own without expecting to be compensated because they see things that need to be done and they want to help. That's what voluntarism means.

And people are doing it all over America right now, as they always have—young and old alike. Today's youth, in particular, are no less public spirited, I am sure, than we were when we were younger. And when we were younger, I'm sure there were a lot of older people who looked down on us and thought we were self centered and wanted to tell us what to do with our lives. That's just the way it always is.

There are always some older people who think the younger generation is worthless and has to be told what to do. But that doesn't mean we should succumb to that temptation as a government. I firmly believe that today's younger generation is equally as capable as its predecessors of making its

own decisions about how best to serve our country.

Mr. Chairman, we should defeat this bill in the first place because it is unnecessary. The volunteer spirit is alive and well and just does not need government messing around with it. But we should defeat this bill also because it is counterproductive. A big new government program will hurt voluntarism in our country, not help it. It will divert effort and resources into meeting bureaucratic standards and into efforts to obtain ever increasing levels of Federal funding.

But in addition, when some so-called volunteers are paid to do what others have previously done without compensation, those who are paid will gradually supplant the true volunteers. There will be an increase in the sentiment that "I won't do it unless I'm paid." The true spirit of voluntarism will decline. The effect will be the exact opposite of what is intended.

Beyond that, this bill would increase the potential for waste of taxpayers' funds in the Federal student loan programs. It provides various kinds of deferment and loan cancellation to volunteers. But it is non-Federal entities running volunteer programs that get to decide who is a volunteer and therefore who qualifies for these benefits. This invites favoritism and abuse.

The cost of loan forgiveness or deferment is entirely borne by the Federal taxpayers while the eligibility is determined by the managers of thousands of private organizations, and the beneficiaries may be their sons or daughters or their neighbors' sons or daughters. In addition these benefits are highly inequitable, since the value varies greatly from person to person, and their tax status is unspecified.

The student loan provisions are reason enough to reject this bill. They invite abuse, they are unfair, and they represent large payments for what are supposed to be voluntary services. But beyond that, the entire concept of the bill is wrong. We don't need it, and government intrusion in this area will be harmful. I urge all my colleagues to vote against the bill.

□ 1300

Mr. HAWKINS. Mr. Chairman, I yield 3½ minutes to the gentleman from California [Mr. MARTINEZ].

Mr. MARTINEZ. Mr. Chairman, I rise in strong support of the youth service bill, H.R. 4330.

It has been mentioned here by several Members here that voluntarism is people coming forth wanting to provide service. The thing that is overlooked by them when they say that, is that in most cases when especially young people want to volunteer for a particular service, and they come forward, they say, "I want to help. Where can I help? Where can I go, what do I do," and there has to be an organization in place that will direct them into that voluntary service. That being the case, that organization must be structured and paid for by someone, and in many cases it is paid for on a voluntary basis by private individuals or corporations. In many cases it is provided for by local public funds, the same as the public funds we are talking about in this bill.

There will always be those who will find a way to volunteer on their own, and for no compensation, but there are also those who need to be inspired, convinced or cajoled into some kind of voluntarism, because it is terribly needed.

Let me read something that is a fact, and it is that the typical volunteer is a white female between the ages of 35 and 44, married, with no children, and employed with an income of between $20,000 and $40,000. That is not the kind of volunteer we are trying to attract by these programs. This legislation targets the young, the poor, and others who have not been asked to serve further, and it promotes opportunities for senior citizens through a blend of new and existing programs.

Mr. Chairman, at a time when our communities have eroded from drastic budget cutbacks and at a time when news accounts proliferate with crimes committed by youth, we have a wonderful opportunity and solution at hand I believe: The National Service Act of 1990.

Mr. Chairman, President Bush recognized the need for national youth service when he called upon all Americans to volunteer their services to our communities. At a time when we face both internal and external threats to our democracy, we must reestablish the moral foundations that made this such a great nation. One is that we must all help each other to find and bring out the best in our citizenship.

This national service bill will do that. It will allow our Nation's youth to provide services to their communities, to help their elders, to help their peers, and to help their juniors, to improve their communities and environments. In turn, the communities will receive help for performing needed services that no longer can be afforded by our State and local governments. Everybody comes out a winner.

For over 10 years we have debated national youth service and crafted legislation based upon successful programs that have already been implemented in over 60 States and local communities. This year with the strong endorsement of the administration for youth service programs, we hope to see this dream come into full and concrete fruition.

As I indicated at the onset, this bill establishing a national youth service will create a new set of moral and working values for our Nation to build upon for the future. I urge my colleagues to make this a lasting hope and reality for the future of our Nation.

Mr. GOODLING. Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina [Mr. BALLENGER].

Mr. BALLENGER. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I have been a volunteer all my life. At home we have raised money for the Boy Scouts, the Red Cross, the homeless, alcohol rehabilitation units, soup kitchens, colleges, and other good causes. The people who did most of the work were volunteers who never thought a moment about becoming paid, and because of this over 90 percent of the money that was raised went to good causes.

I remember quitting the Heart Fund because 40 percent went to a paid organization, a bureaucracy. I remember our churches for years took care of the poor and needy as our Christian duty with us as volunteers.

But slowly but surely the Government decided to step in and assist or supplant this volunteer effort. Through the years our Government assisted more and more and created the morass we today call welfare.

If we want to destroy the volunteer movement in our country today, let us start organizing and weakening this movement with Government financing and organization.

I can see the newest bill to be introduced next year that will mandate the maximum number of hours that volunteers will be allowed to work, and each volunteer group will have to have a proper racial and sexual makeup.

Our United Fund at home has never failed to pass its goal in 45 years, always with volunteers, and never with Federal guidance. To spend millions of Government money to assist in organizing and arranging the volunteer movement is the beginning of the fund's first failure.

If we want to destroy the idea of doing good work as a volunteer, allow the Government to take charge.

I ask my colleagues to vote against this bill.

Mr. HAWKINS. Mr. Chairman, I yield 5 minutes to the gentleman from Montana [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, I thank the chairman for yielding time to me.

Mr. Chairman, my Subcommittee on Postsecondary Education held several hearings on this legislation and worked to establish the language in several of the sections of the bill. We conducted filed hearings, hearings here in Washington, and had several onsite visits with students and volunteers throughout the country.

When this legislation was brought to us by the President and was first con-

sidered, and when the issue was first raised, I was struck by the attention that national service volunteerism in America was receiving. It was treated as though it were something new.

This is not a new issue. There have been a thousand points of light blinking brightly across the American landscape for more than 200 years. The organized concept of national service, especially service among the poor and middle-income people, stretches back to at least the 1800's with the creation of the YMCA and the YWCA, the Boy Scouts and the Girl Scouts, all agencies, by the way, which spend a considerable amount of money on administration.

In this century to help us out of the Great Depression the Federal Government, the public of the United States created the old Civilian Conservation Corps, and the National Youth Administration. They were wildly successful and popular agencies of Government. And by the way, the same objections that are being expressed by Republicans on the floor today to the cost in this bill were expressed by Republicans back in the 1930's against the cost of the CCC and the NYA. They were wrong then and they continue to be wrong a full half a century later.

In the 1960's under the inspired leadership of President Kennedy and President Johnson, the United States created the Peace Corps, the Teacher Corps, the Neighborhood Youth Corps, the Job Corps, the National Student Volunteer Program, the Foster Grandparent Program, the Retired Senior Volunteer Program, and VISTA.

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There is a current agency downtown which administers most of those programs called ACTION, and so, my colleagues, there is nothing new about national service, nor is there anything new with the cost of administering national service in the United States, whether that cost is being borne by the private sector as it is with the YMCA and the YWCA, or borne by the public as it is under the Job Corps.

I expect that throughout my lifetime Republicans in this Chamber will rise in opposition to the extraordinary cost of these programs, but despite their objection, the American people continue to support these efforts.

President Bush, of course, understood that in his campaign when he called for a national service effort, volunteerism, a thousand points of light, but neither he nor his Republican colleagues in this Chamber want to provide any batteries for those thousand points of light. We need batteries. Yes, the batteries will cost some money.

Speaking of money, I just noted a new article that has come across the ticker tape outside this Chamber that last year, of the $300 billion that was spent on the Pentagon, $170 billion of it was spent to defend Japan, Korea, and Southeast Asia. We are talking here about the tiniest percentage of that kind of cost.

I would suggest that as our budget conferees meet not far from Capitol Hill out at Andrews Air Force Base, they reset the compass for America's priorities, putting more, not less, money into such efforts as being envisioned here today, and that we find the money by telling the Koreans and the Japanese and the others that if they want their country defended, they must either defend it themselves or pay someone else to do it for them, but that the American people want to turn our precious resources back to be spent, to be used, to be reinvested in this Nation, and that is what this national service legislation envisions us to do.

I am pleased to support it.

Mr. GOODLING. Mr. Chairman, I yield myself 30 seconds, just to rise to say that before the gentleman from Montana became totally politically partisan, he indicated for 200 years the system worked beautifully without the Federal Government providing any batteries, and I appreciate that statement from him.

Mr. Chairman, I yield 4 minutes to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. Mr. Chairman, while this national service bill has come a long way since the original versions introduced last year, I must oppose it. It is dirty work, but someone has to do it. What has this Nation come to when Congress feels that it is necessary to authorize over $200 million for voluntary service?

When I was a teacher, schools organized and carried out community service voluntarily and without financial incentives from the Federal Government. If we want to encourage civicmindedness, clearly paying schools to participate is contradictory to that goal.

Aside from the sheer contradiction indeed its an oxiymoron this bill represents, we have no business being here today creating yet another Federal program while currently existing worthwile, tested programs go starving for funds. After this committee passes this legislation, student financial aid, vocational education, education of the handicapped, and the WIC programs will still be funded inadequately.

Even the administration which has espoused and promoted the worthiness of national service is opposed to this legislation. Why not allow the administration to carry out its voluntarism initiatives with the support they require from Congress? National service is not a "problem" requiring the infusion of Federal dollars. The lack of national service and civic mindedness is a problem that can only be addressed by changing the way our youth and adults think about what they owe their communities, their schools and their country. This cannot be accomplished by spending money.

In addition to the foregoing reasons, I must oppose this bill because of the student loan cancellation provisions. While I can agree that those performing volunteer service should be allowed to defer payment of their student loan obligations, I cannot agree with cancellation of loans. This sets a dangerous precedent and opens a Pandora's box. I had offered an amendment during the committee markup of this bill to delete the loan cancellation provision at least until a GAO study could be done to determine the cost impact of loan cancellations. This I believe to be an eminently sane way to go about legislating such an important issue which has profound, wide ranging policy implications.

Let me explain why I oppose the cancellation of student loans in return for volunteer service:

My colleagues on the other side of the aisle stated during our last debate on this point that this provision will not cost that much money. I do not oppose this section simply because my colleagues could not answer the question "How much will this cost?" I oppose it because it violates the very essence of the idea of voluntarism and service.

What precedent do we set by saying that it is important to serve others—for a price? Will people only volunteer as long as it is profitable? Have we come here again today to talk about the virtues of national volunteer service to our fellow citizens while lining the pockets of those that serve? Can we not persuade and encourage our citizenry to give of their time freely and willingly and without pay? Is authorizing in excess of $200 million the only way to accomplish that task?

If this is so—if we cannot enlist volunteers without these dollar incentives, then is it any wonder that we have raised a generation of young people with the attitude of "I don't know, and I don't care?" The "me" generation.

My colleagues across the aisle argue that this loan cancellation provision will not cost a lot of money—that it will not apply to very many people. I can not understand if that is an argument for the section or against it. If not many people will be using this loan cancellation provision, then why do we have it in the bill? Unless, of course, we have special interests at work here.

Beyond the costs of loan forgiveness and how many will take advantage of this provision, there is this question:

If we can cancel loans for these volunteers, why do we not cancel loans for your and my favorite group of

people? Let us cancel loans for volunteer fireman, volunteer ambulance crews, people who were Boy Scouts and Girl Scouts, the list goes on and on.

If your argument is that these full-time volunteers are only earning the minimum wage or less, well why do we not cancel every student loan of every person who earns the minimum wage or less? Let us cancel students loans for everyone working at McDonalds. While we are at it, why do we not cancel the student loan obligations of women that choose to stay at home and raise a family?

I think we need to excise this section of the bill and consider it further. Better yet, since, this deals with the Higher Education Act, should not we be putting it off until next year when we reauthorize that legislation? After all, that is what I have been told we should do with the much more serious problem of student loan defaults which I have been trying to get this committee to address for the past 2 years!

I urge my colleagues to resist the temptation to approve this feel good legislation and vote for fiscal responsibility and common sense. Let us find other ways to help encourage the ideals of national service by recognizing purely voluntary community leadership and service.

Mr. HAWKINS. Mr. Chairman, I yield 2 minutes to the gentlewoman from Maryland [Mrs. MORELLA].

Mrs. MORELLA. Mr. Chairman, I rise in strong support of H.R. 4330, the National Service Act of 1990.

In meeting and talking with young people around my district, I can testify to a new idealism and an eagerness to serve others. This bill represents a number of proposals to expand their opportunities to do that, and to encourage them to take advantage of those service opportunities.

For example, I have heard from students from all over my district and around the country who are interested in my proposal, incorporated in H.R. 4330, to create a Peace Corps training program. This program would provide 2-year scholarships to qualified students who agree to serve 3 years in the Peace Corps.

I decided to introduce legislation creating a Peace Corps training program following a September 1986 memorial service honoring Peace Corps volunteers who had died in service. Speaking at that ceremony, Father Theodore Hesburgh, then-president of Norte Dame University, suggested that students should have the opportunity to train for peace as they do for war. Father Hesburgh proceeded to propose a new challenge to our Nation's college students, taking as a model the Reserve Office Training Corps. [ROTC].

I believe that the Peace Corps Volunteer Education Demonstration Program Act incorporated in H.R. 4330 is an important addition and complement to the national service youth plans included in the bill under consideration today. My proposal addresses the principal benefits which Father Hesburgh asserted would result from this proposal: First it would help "to institutionalize the Peace Corps and set it firmly into American life." Second, it would produce Peace Corps volunteers who are much better trained than present volunteers, who only have about 3 months to prepare for service. Third, it would reinvigorate the once fruitful relationship between the universities and the Peace Corps. Fourth, it would "suddenly address * * * one great lack so often voiced about universities and American students today: the provincialism of students, the lack of international concerns, the dearth of Americans who can speak both the main and the esoteric languages of the world."

This program is intended to give special emphasis to the recruitment of minority students, who have been historically underrepresented in the Peace Corps, and preference will be given to students enrolled in technological and scientific fields. In addition to their regular academic curriculum, these Peace Corps candidates will also be required to study the languages, customs, history, and politics of those countries or regions in which they will serve. During their summer breaks, they will receive practical experience in public service in either their own communities or in the communities where they attend college.

For many students, and particularly for minority students, entering the work force as quickly as possible after graduation is a practical economic necessity. Repaying the often enormous loans that have financed their educations must be a top priority for them and their families. This Peace Corps program would help to remove that financial barrier, easing the burden for many students, as well as encouraging international service.

At a meeting at Stanford University 3 years ago, college presidents, including representatives from historically black colleges, met with Peace Corps officials to renew old ties between the academic community and the Peace Corps, and to consider ways to attract new volunteers, especially from minority groups. It was noted that although the idea of public service is an essential thread in the fabric of black American life, it is particularly difficult for students who may be the first in their families to attend college to surrender their first few years of earning power.

There is no question that the Peace Corps is committed to reflecting the diversity of the American people in its own ranks of goodwill ambassadors to the world. Yet it has indeed had trouble attracting minorities. By way of example, although the population of the United States is about 12 percent black, blacks constitute only about 2 percent of Peace Corps volunteers.

The college presidents suggested that the incentives included in the Peace Corps language of H.R. 4330 are certain to be of particularly great value in attracting blacks and other minorities into the corps. An increase in the number of minorities serving in the Peace Corps would have a ripple effect, helping to augment the number of minorities among foreign service officers and pessonnel of the Agency for International Development, both of whom the Peace Corps is a noted supplier.

Many in this body may recall that the Congress and President Reagan strongly supported the 1986 resolution setting a target of 10,000 Peace Corps volunteers by 1992. This legislation would help achieve that goal by addressing the decline in the number of volunteers, which has dropped from a high of around 15,000 in the mid-1960's to just over 6,000 today.

The Peace Corps language in H.R. 4330 would also help the corps recruit students with an expertise in such scarce skill areas as forestry, crop extension, animal husbandry, and irrigation—all of them skills which are much in demand in Peace Corps countries and in short supply on American campuses. It is well known that the Peace Corps today had a surplus of applicants with generalist degrees in fields such as history and political science. It is less well known that the Peace Corps does not come close to satisfying host countries' request for volunteers with those scarce skills which I previously mentioned.

Peace Corps volunteers have been called our best exports. Expecially in this post cold war era, they have been called on to help spread and instill the principles of democracy in Eastern Europe and around the world. They return for their service overseas as our best imports, serving our people as teachers, public interest advocates, social workers, and other community service careers, including legislators.

In his inauguration address, President Bush called on us to "make gentler the face of the world." It is time that a new generation of American students and we as a nation took up that challenge. I firmly believe that the national service legislation which we are debating is necessary to provide our youth with the opportunities to confront that challenge. I urge my colleagues to join me in strong support of H.R. 4330.

Mr. HAWKINS. Mr. Chairman, I yield 2½ minutes to the gentlewoman from Washington [Mrs. UNSOELD].

Mrs. UNSOELD. Mr. Chairman, the National Service Act is an exciting call to our young people to serve their communities. My family served overseas with the Peace Corps, and those Peace Corps volunteers changed lives forever.

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Their own and everyone with whom they came in contact. It would have been a drastically different service organization had those Peace Corps volunteers had to pick up all of their own expenses themselves with no Government umbrella.

Some of the various organizations that are identified as those that are examples of the voluntarism and therefore, no need for this program, are themselves advocates of our National Service Act. For example, the National Collaboration for Youth, National Council on the Aging, National Crime Prevention Council, National Network of Runaway and Youth Services, United Way, Big Brothers and Sisters, Girl Scouts, Red Cross, and the Child Welfare League of America.

The National Service Act is a brilliant plan. It delivers a double benefit. Volunteers benefit from the experience, and their own personal growth, while communities benefit from their help. National service projects offer a special advantage for at-risk youth. It allows them to obtain job skills and work experience which can lead to permanent employment. The Washington Service Corps, in my State, is an extremely successful, positive model of youth community service. That corps has attracted national attention because they do one thing well. They maintain their primary focus on community service, while giving unemployed youth meaningful work experience.

From tourism, to tutoring, from food banks, to fire departments, the youth of Washington are responding. Service to others, to communities, State, and Nation, is not by any means a new idea. It is emerging, however, from a long period of dormancy. I hope to encourage it. Along with thousands of others in this community, I benefited greatly from the Peace Corps experience years ago. I urge my colleagues to support this bill. It will help unlock the vast potential of our youth to improve their own lives and the well-being of their communities. The National Service Act is a winner for everyone.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Chairman, what we have here is a difference in philosophies. There are some who believe that the only way we can have volunteers is if the Federal Government is involved in the process. There are some Members who believe that volunteers are there because they, themselves, want to be there and that that is the kind of voluntarism that has worked for 300 years in this country.

Indeed, the people who bring this bill to Members today, believe, evidently, that there is a Federal solution to everything, including things that have no useful Federal role. That is the case here.

There is an old adage that says, "If it ain't broke don't fix it." Well, that is what we ought to be looking at right now. We have 300 years of experience in this country of people volunteering. In the earliest days, volunteering to save their neighbors from fires on their farms, or in their homes, or to defend the community. Volunteering in all kinds of ways. And it has been getting better in recent years. In recent years, we have had more people volunteering, not less. We have had fantastic participation in voluntary organizations, and we ought not to get the Federal Government involved in ways that would be harmful.

I have to ask some of my colleagues who bring this bill to Members, have they been in high schools recently? Have those Members been on the college campuses recently? The young people in our colleges today and in our high schools today are doing a fantastic job. We have service clubs that have oversubscriptions of kids. We have church groups where kids are volunteering, doing all kinds of community work. We have fraternity and sororities that are holding all kinds of charitable events. These are kids who want to serve their country and are doing a good job of it.

Why in the world would we impose a new kind of Federal program on top of this? Why would we take real voluntarism and convert the people who are volunteers into simply tools for Federal bureaucrats? That makes no sense at all. Why do we do that? You have got young people today who are enthusiastically serving their country. Let Members keep it that way.

Mr. HAWKINS. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. BONIOR].

Mr. BONIOR. Mr. Chairman, I would like to commend the chairman, the gentleman from California [Mr. HAWKINS], as well as the gentleman from Michigan [Mr. FORD], and the others for bringing this legislation to the floor. It is a compilation of a number of Members' initiatives, and a response to the interest that many Members have had for a long time to encourage the community to get more involved in national service, especially the youth of our country.

The task of leadership is to help provide others with the opportunity to give the best of themselves. That is what, basically, we are doing today with this piece of legislation. It has a couple of important features. The school-based programs are particularly important. It encourages students at all levels to get involved in volunteer activities in their community. More and more high schools across this country, and junior high schools, are now requiring that there be some community-based service, and that is good.

My son, just this summer, spent 20 hours working in community service. He worked in a food bank. It had a tremendous and profound maturing effect on him. We need to be doing more of that type of thing. We need to be bringing in people with skills into our schools from the business community. New England Life Insurance is doing a magnificent job in a partnership between our young people in the schools and the business community, teaching them skills, getting them involved. We need to be bringing the skills of those who have worked with their hands, to help our young people in school understand those processes.

The school-based program is a wonderful component of this. It encourages partnership with business and labor and with our young people. The American Conservation and Youth Corps is another important part of that, recruiting youth for public service needs, conservation needs, historical preservation, day care, all of the important things in our society, why our youth can be productive, can obviously handle these cases, these activities better than some in other age categories. I know in my own State, the Michigan Conservation Corps and Youth Corps had done a tremendous job in helping many, many young people today develop a sense of responsibility, and to contribute to the community in health and environmental and other important ways.

I would like to see this whole concept broadened. I mentioned this to the gentleman from California [Mr. HAWKINS] and others. Ms. MIKULSKI, the Senator from Maryland and I have introduced legislation that would encourage community development among all ages, not just young people. We get an intergenerational mix with the old and young, they would work together and benefit, on a very small model scale. Those people who would give time, based on the concept of the National Guard, 2 weeks during the summer, 2 weeks during the year, they could earn a stipend which would help finance a college education or perhaps a first home buy.

I would like to have Members look at that, perhaps in conference, on a very small scale. I have no idea that that will work, but I think it is worth visiting. The Senate has included it in their package, and I think it is indeed a worthy idea to look at. Therefore, in conclusion, Mr. Chairman, let me congratulate the chairman of the committee, the gentleman from California

[Mr. HAWKINS], for bringing this to the floor of the committee. I look forward to working with the gentleman on this bill in the months ahead.

Mr. HAWKINS. Mr. Chairman, I yield myself such time as I may consume to simply say that this proposal simply brings before the body, and hopefully it will go into conference with the other body, which has already approved a companion bill, the views and proposals of many Members of the House, more than 140. What we have tried to do is incorporate those various ideas into the proposal.

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I do not understand those who now preach that we are creating some new bureaucracy. The bill simply provides grants to States and local governments that will in turn encourage already existing agencies. Not one bureaucracy is created. For a Member of the opposition to say that we are creating some great new bureaucracy, particularly at the Federal level, simply is not true.

The bill is not as broad, not as comprehensive as some of us would want to do. It certainly is not a Federal intervention into the subject matter.

The President in his Inaugural Address merely continued a Federal encouragement to volunteers in this country. If there is any intervention, it certainly is largely a result of the President proposes the creation of an initiative, a specific initiative to stimulate such volunteer service to America, and not certainly the members of this committee or the author of the proposal.

Now, I am also shocked that there seems to be a great desire to refer to the cost of the program, that we cannot afford it. It would be concluded that simply by authorizing $183 million for the National Service that somehow is going to bankrupt the country.

First of all, it would leverage millions of dollars that are not now being made available from local public funds, from corporations, from senior citizens who will use or volunteer out of their Social Security benefits, from students who already receive financial aid who would volunteer, from agencies as the Boy Scouts, the Girl Scouts, the YMCA's, the YWCA's, the Youth Corps, the United Way, and other such agencies. To me, that is not a tremendous departure. It certainly does not involve a great cost.

I am wondering what some of these individuals would have done had they been our Founding Fathers. We probably would never have closed the borders of our country. We would never have purchased Louisiana and Texas would be a part of Mexico. We would not have the Panama Canal. We would not have had the GI bill of rights at the end of World War II, one of the great investments that we have made. These were larger investments, but they paid off. Here is an investment that also will pay its own way and leverage millions of dollars, but most of all will give dignity to those who volunteer in national service in behalf of America.

I would certainly hope that we further the cause by approving this bill and allowing us to continue the subject matter.

Ms. PELOSI. Mr. Chairman, I rise in support of H.R. 4330, the National Service Act of 1990. The bill would authorize a variety of youth service programs which I believe will better prepare our young people for the future while benefiting communities now.

The bill authorizes grants for model community service youth programs and special service programs for dropouts and out-of-school youth. Among the programs provided for in the bill is youth build, through which young people are employed in the construction and rehabilitation of housing for low-income and homeless families as well as health service facilities.

In my district of San Francisco, voluntary youth service has been a hallmark of the community. The San Francisco Conservation Corps [SFCC] has become a model for youth service programs throughout the country, offering training for at-risk youths and services for the community at large. The National Service Act would provide needed support for programs such as the SFCC.

Mr. Chairman, young people are the foundation of our country; they represent our aspirations for the future. Investing in young people is the best use of our tax dollar. The National Service Act is a sound investment—it prepares our young people for the challenges of the 21st century. I urge my colleagues to vote for the passage of H.R. 4330.

Mrs. KENNELLY. Mr. Chairman, I rise today in support of national service.

We are all here today because we believe in national service. First, and foremost, the need is real; real in communities like my own Hartford, CT, where volunteers are desparately needed to help care for the elderly, feed the hungry, and educate our children.

But aside from meeting these needs of the Nation, national service goes to the heart of what it means to be an American. Often we are so caught up with our problems—the budget deficit and the summit and the Persian Gulf and a renewed energy crunch—that we forget how fortunate we are in America. But with the advantages and privileges of being Americans comes civic responsibility. This responsibility is what national service is all about.

All we are asking today is that Americans respond to this challenge, to give something back and to fulfill the promise that is America. As a Democrat, I believe in civic obligation. I believe in helping the less fortunate in the world and each other. I believe in hard work and equal sacrifice for the common good. These values are the key to our stature in the world, our survival and our future.

Today we are asking Americans to dedicate themselves to a higher standard of excellence. The Nation needs the courage, the ingenuity and the idealism of our citizens. We all have limits as individuals, but as a community, a nation, there is nothing we cannot accomplish, no problem we cannot solve. National service can unify our sense of national purpose and direction.

Mr. PENNY. Mr. Chairman, I rise in support of H.R. 4330, the National Service Act of 1990. This bill represents an initial step in fostering a sense of community service and expanding opportunities for community service among America's young people. And for that step, I applaud Chairman HAWKINS and the Education and Labor Committee. For the most part, this legislation uses existing structures to expand volunteer opportunities. It builds on State programs, such as the one in my State of Minnesota, that have already been successful. And, it expands loan cancellations to volunteers serving in nonprofit, nongovernmental agencies. This is comparable to a provision I would like to see adopted on an international level as well.

My interest in national service legislation, however, goes far beyond the scope of this bill. I recently introduced H.R. 5514, the Voluntary National Service Act of 1990, which has many of the same goals as H.R. 4330, namely to create, restore, and expand opportunities for voluntary national service. My legislation would encourage volunteer participation by providing assistance in student financial aid in exchange for voluntary service. It would enhance recruitment and retention in our Nation's Armed Forces by improving benefits under the provisions of the Montgomery GI bill education programs. It would expand international volunteer service opportunities by affording educational assistance for those serving overseas with private voluntary organizations as well as those serving in the Peace Corps. And, it would encourage qualified individuals to enter and be trained for law enforcement service. The opportunities for service and the needs to be met are endless.

I am aware that our current Federal fiscal situation does not allow us to adopt national service on a broader basis such as proposed by my legislation. But we can demonstrate support for expanded voluntary service as provided for in H.R. 4330. As an editorial in the Faribault, MN, News supporting my national service concept said: "* * * There is a need to actively nurture the concept of service, commitment and citizenship." With the passage of H.R. 4330, we can provide the nurturing climate that will allow those values to grow.

Mr. POSHARD. Mr. Chairman, I rise to express my support for H.R. 4330, the National Service Act of 1990. The legislation will establish school and college-based community service volunteer programs which will ultimately improve the quality of life in this country.

The bill gives States grants to establish school-based student volunteer programs. It creates an American conservation corps to work in wildlife areas, parks, forests, and recreational areas. It also establishes a youth service corps to provide volunteers for nursing homes, day care centers, libraries, and government agencies.

H.R. 4330 also provides funding for a rural youth demonstration project which would provide students in rural areas with volunteer op-

portunities which they would not otherwise have. In my rural southern Illinois district, many of the young people do not have as many recreational options as their counterparts in cities. When kids do not have constructive activities to occupy their time, they get into trouble. Alcohol abuse and teenage pregnancy are just two of the problems which plague rural schools in my district and across the country. The rural youth demonstration program would give those students a volunteer job and a chance to serve their communities.

Mr. Chairman, this bill reflects our strong commitment to voluntarism and it establishes important new programs, and it deserves the full support of each and every member of the House. I applaud the efforts of my colleagues on the committee for the work they have put into this important bill and I urge all of my colleagues to vote in favor of it.

Mr. FORD of Michigan. Mr. Chairman, I am very pleased to rise in support of H.R. 4330, the National Service Act of 1990, of which I am an original cosponsor. This comprehensive bill will encourage and reward public service by Americans of all ages, but particularly young people. This bill will help call on the altruism and generosity of Americans to make significant contributions toward alleviating some of our Nation's most pressing problems—illiteracy, inadequate health care, homelessness, environmental degradation, crime, drug and alcohol abuse, and insufficient care for children and the elderly.

Crafting this bill has been a very challenging and complex task that has involved the subcommittees on Elementary, Secondary and Vocational Education, Postsecondary Education, Employment Opportunities, Select Education and Human Resources of the Education and Labor Committee. The chairman of those Subcommittees, Congressman HAWKINS, Congressman WILLIAMS, Congressman MARTINEZ, Congressman OWENS, and Congressman KILDEE deserve commendation for their work in developing various facets of this bill. Chairman HAWKINS and his staff, especially Gene Sofer, merit special recognition for artfully weaving together the diverse strands of this legislation. Many Members who do not serve on the Education and Labor Committee, including Congressman NEAL of Massachusetts, Chairman PANETTA, Congressman BONIOR, Congressman MCCURDY, Congresswoman KENNELLY, and Congresswoman MORELLA, have also been strong advocates of national service legislation and contributed to the development of this bill. The Committees on Foreign Affairs, Banking, Finance and Urban Affairs and Interior and Insular Affairs were also extremely cooperative in expediting this bill and making its timely consideration by the House possible.

I am particularly pleased to support this bill because it substantially incorporates H.R. 2591, the Serve America, the Service to America Act of 1989, which I introduced on June 8, 1989. In particular, the School-Based Service Learning Program in title I of the bill authorizes the Secretary of Education to make grants to State education agencies to plan and build statewide capacity for school-based service learning programs. The State education agencies will make grants to local partnerships between local education agencies and local government agencies, community-based organizations, institutions of higher education or private nonprofits. Priority will be given to projects undertaken by the partnership which target low-income areas, promote intergenerational contact, promote drug and alcohol prevention and include mentoring activities. Thirty-five million dollars is authorized for these activities in fiscal year 1991 and such sums as may be necessary for each of the 3 succeeding years. In addition, the Higher Education Community Service Program authorizes the Secretary of Education to make grants, or enter into contracts, with institutions of higher education to enable them to create or expand service activities for their students. This program is authorized at $10 million in fiscal year 1991 and at such sums thereafter for the next 3 years. I believe that service opportunities which effectively use our schools at all levels and which engage the energy and idealism of students are likely to be most effective. Support for these school-based service opportunities were the centerpiece of my national service bill, H.R. 2591, and I am delighted that they remain central to National Service Act of 1990.

I urge my colleagues to vote in favor of H.R. 4330.

Mr. FAWELL. Mr. Chairman, when Congress sees a problem, its first impulse is to enact a law, any law, to spend money to solve it. Countless examples have shown that money spent does not always equal results. But what happens when there is no problem.

Welcome to the National Service Act of 1989. The National Service Act attempts to fight the problem of waning voluntarism nationwide. This measure spends $183 million each year to promote the oxymoron of the year—paid voluntarism.

According to a 1988 survey conducted by the Independent Sector, an umbrella organization for most of the charitable groups in the country, voluntarism thrives without government intervention. In the study, 45 percent of people surveyed said they regularly volunteered. Further, one-third of those respondents reported spending more time on volunteer work in the previous 3 years. In all, an estimated 80 million adults gave a total of 19.5 billion hours in 1987, at a value of $150 billion.

In the face of such huge success, Congress is well on its way to spending millions of tax dollars to solve a problem that doesn't exist or, at the very least, considering the debt and deficit, is of lowest priority. The national service bill will pay volunteers to fill a variety of roles. A few examples are: programs establishing a youth service corps to work in government agencies, libraries, law enforcement agencies, and other activities that are of substantial social benefit; paying Peace Corps volunteers' college tuition; and deferring the guaranteed student loans of those who would undertake full-time volunteer service.

But voluntarism thrives without Government subsidies. Where Federal money will make a difference, however, it will surely destroy the spirit which initially led people to volunteer. The example I cited above demonstrate the point. As for the Peace Corps, applicants for the corps far exceed the spaces available, because young college graduates and older technicians view the experience as gratifying and beneficial for future career prospects. Tuition subsidies—which could total $40,000 at an elite university—are unnecessary. Finally, a GSL deferral for those who choose full-time volunteer service is of little financial consequence and barely an incentive.

The only sure effect of paying volunteers will be to increase the size of the already mammoth Federal debt. Based on the most recent Congressional Budget Office [CBO] projections, the deficit for fiscal year 1991 will exceed $230 billion, not including borrowing from the Social Security trust fund. The Federal debt is over $3 trillion, and interest on the debt alone is projected to be $286 billion in fiscal year 1991. With this unshakable burden resting upon us, I found it hard to believe Congress is even considering a $180-million bill to address a problem that doesn't exist.

The American people know to volunteer—let's prove to them that Congress knows how to earn its salary. Vote no on the National Service Act.

Mr. RAHALL. Mr. Chairman, I rise in strong support of H.R. 4330, the National Service Act of 1990.

I was privileged to be an original cosponsor of the act, as introduced by the able chairman of the Education and Labor Committee, the gentleman from California [Mr. HAWKINS]. At the time of the bill's introduction, I was serving as a temporary member of that committee.

The Education and Labor Committee approved a bill that encourages a greater spirit of community service, particularly among America's youth by building upon existing State and local efforts and enhancing their potential for addressing unmet social needs. Funds are authorized in the bill for the coordination of school-based community services programs, both K–12 and higher education, as well as for the American Conservation Corps and the Youth Service Corps.

The bill as reported provides matching support for a variety of school-based and full-time service programs for America's young people, providing them with opportunities to serve their communities in significant ways, while improving their own skills. These opportunities will ease their transition to productive adulthood and give them an understanding of their responsibilities as citizens in a democracy.

Mr. Chairman, I am appalled that the administration is opposed to this measure, saying among other things that it authorizes unwarranted new Federal programs, such as loan deferment and cancellation provisions, or the costs of administering the new programs, or the authorization of $28 million in fiscal year 1991 for the Youth Service Corps.

The Secretary of Education claims that our bill attempts to direct community services from the Federal level, rather than from the community.

Mr. Chairman, I would characterize our bill as forming a partnership with States and localities who cannot afford to do what needs to be done by themselves. They cannot, and they have said they cannot, do it alone.

H.R. 4330, as reported, expressed a need for the legislation thusly: "* * * seeks to maintain and where necessary, revive the

American spirit of civilian service. While Americans have a rich history of commitment to service efforts, the availability of service opportunities has been less consistent. This bill intends to build upon existing Federal programs like VISTA, Peace Corps, Older Americans Volunteer Programs, and the Student Literacy Corps to expand service opportunities and to increase the number of Americans who perform community services."

I think that says a lot. In fact, I think that, says it all.

H.R. 4330 also addresses the issue of sectarian activity or participation in these programs, and the committee expresses its intent that prohibitions on sectarian activity in the performance of program responsibilities found in title I, section 157 shall not be interpreted to abridge or interfere wiht the rights of such individuals or organizations to freedom of speech and expression.

Mr. Chairman, the committee also acknowledges that the country's 960 community action agencies mobilize a vast and committed network of volunteers representing a broad cross-section of the local community. Community action agencies, or CAP's as they are known, are given the opportunity to use their more than 25 years experience to carry out programs authorized in this bill.

The inclusion of CAP's is of enormous satisfaction to me. While I was a member of the Education and Labor Committee early this year when the bill was originally introduced, regrettably I was rotated off the committee in June prior to its consideration and reporting of H.R. 4330. Prior to going off the committee, I had been urged by the director of the West Virginia State Community Action Agency Association, David Treharne, to include community action agencies throughout the bill. The simple justification was: If anybody or entity knows how to deliver volunteer and community services at the local level, it is the 25-year-old CAP's, who began their service in 1964, as part of the old EEO Program.

Last March I had prepared an amendment which was submitted at the Committee staff level, prior to leaving the committee, to include CAP's in the bill as eligible participants. I want to express again my pleasure that this has been done in the committee bill, and to commend the Subcommittee on Human Resources Chairman DALE KILDEE for his foresight in making CAP's eligible participants.

Chairman KILDEE'S outstanding record to improve and enhance the programs under his subcommittee's jurisdiction is legend, and particularly on behalf of the community action agencies and their continuing war on poverty begun back in 1964.

This bill will help prepare our young people to be the workers and citizens we will need in our global economy as we approach the 21st century. It also provides modest resources to energize the partnership we intend to forge with State and local governments in providing community services, among young and old alike.

Again, I commend the distinguished chairman of the Education and Labor Committee GUS HAWKINS, and its ranking minority member BILL GOODLING, for bringing this bill to the floor of the House for our consideration. I include all members of the Education and Labor Committee in my congratulations for reporting this tremendously important measure, and I also wish to convey my appreciation to the chairmen of other standing committees with jurisdiction over many of its parts, for their agreement to waive jurisdiction so that this bill can move forward to enactment by the House. These include the Committees on Foreign Affairs (Peace Corps), Banking, Finance, and Urban Affairs (construction and rehabilitation of Housing), and Interior and Insular Affairs (conservation).

I strongly support passage of H.R. 4330, and encourage my colleagues to vote for its passage as well.

Mr. PANETTA. Mr. Chairman, I rise today in support of H.R. 4330, the National Service Act of 1990, introduced by Representative AUGUSTUS HAWKINS, which now has the support of over 100 of our colleagues. That support alone indicates the tremendous interest this issue has garnered. Chairman HAWKINS has done an outstanding job in providing the leadership necessary to balance the various interests and concerns of the Members who were responsible for contributing to the titles represented in this comprehensive bill. This legislation we are addressing today will indeed promote and coordinate efforts to address social problems through community service across this great Nation.

H.R. 4330 authorizes $35 million for school-based programs that make community service an important element of learning. Such service learning programs have beneficial impacts on attendance, behavior, and achievement and energizes teachers and administrators as well as students. In addition, the bill authorizes $25 million in grants to institutions of higher education to create or expand service opportunities for their students. It also encourages students to tutor both disadvantaged students in chapter 1 schools and their parents.

The National Service Act of 1990 authorizes $93 million to establish the American Conservation Corps [ACC], the Youth Service Corps [YSC] and Youthbuild demonstrations. Both the ACC and the YSC, which are based on H.R. 717, the American Conservation and Youth Service Corps Act of 1989 which I introduced last year, would provide innovative means of restoring lost social services to our communities and performing vital conservation tasks. The American Conservation Corps would focus on environmental and conservation projects on public Federal and State lands. The Youth Service Corps would work with projects in nonprofit social service agencies, schools, nursing homes, and other facilities meeting human needs. Richard Danzig and Peter Szanton, in their book, "National Service: What Would It Mean?" estimated that up to 3.5 million positions could be filled by youth service workers each year to help fill the gaps without displacing current workers. These included over 1 million in education, over 700,000 in the health field, nearly 1.5 million in child care, over 165,000 in conservation and the environment, and 250,000 in criminal justice and public safety.

Youthbuild combines compensatory education and construction skills training to provide disadvantaged youth with an opportunity to learn and to revitalize their community's housing stock. In addition to performing service, participants receive education, job training, work experience and enhance self-esteem. Service benefits both the participant as well as the community, and this bill gives disadvantaged youth the opportunity to serve their communities, their country and themselves.

This bill also includes $30 million to fund demonstration programs targeted to school dropouts and rural youth; to encourage college students to join the Peace Corps; to encourage Foster Grandparents to participate in Head Start; to allow Governors to sponsor new and innovative community service programs at the State level; and to fund Presidential awards recognizing excellence in community service.

The bill also contains provisions regarding job displacement and, education and job training, where necessary. No new bureaucracy is created and in fact builds upon service efforts currently underway in local communities throughout the country. Finally, the bill does not include any linkage between service and student financial assistance.

I am very proud to be a part of this national service movement and am encouraged both by the passage of S. 1430, the National Community and Service Act, and by the President's interest in the national service issue. Community service helps address social and environmental needs; provides the chance to serve fellow citizens and communities, and provides participants with valuable experience and, often, education and training as well.

This call to service is not issued lightly, and it is the entire Nation, in the long run, which stands to gain the most from the more outward-looking citizenry that would develop from such a program. A national service program would offer young adults a renewed opportunity to earn a sense of pride and self-respect, and fulfill many pressing national, human, social and environmental needs. Fellow colleagues, I fervently hope that the House will take timely action, and build on extensive efforts, to create the national service program and make national service a national reality. I urge your support of the National Service Act of 1990.

Mr. TAUKE. Mr. Chairman, I rise in strong support of the volunteer liability protection amendment offered by my friend from Illinois, JOHN PORTER.

This amendment is virtually identical to a bill he has sponsored in the House, H.R. 911, which has 215 cosponsors.

We cannot introduce such a strong Federal presence in volunteerism without sending a firm message to States about the need to protect volunteers from malicious lawsuits.

I offered this amendment when we considered this bill in the Education and Labor Committee because it is an important component of an infrastructure we are attempting to build to support and encourage volunteerism.

A story I relayed during the Committee markup is worth mentioning here. This occurred in Runnemede, NJ in 1985. A child playing in the outfield during a little league playoff game misjudges a fly ball, is hit in the eye, and injured. The parents sued the four coaches as individuals. The allegation: the child was an infielder, not an outfielder and

the coaches knew this. The case was settled out of court for several hundred thousand dollars.

We are seeing greater and greater incidences of potential volunteers unwilling to give their time in service for fear of being sued.

A 1988 Gallup survey revealed: 20 percent of directors of nonprofit associations indicated that fear of liability was hurting their ability to recruit and retain volunteers to serve on boards.

A growing number of States are passing volunteer protection laws. This amendment does not usurp State's authority in this area. This amendment does not interfere with State participation in the act, except for one program, the new Governor's service program.

This amendment protects the volunteer as an individual, the organization must still answer in court for any injury.

In order for the volunteer to receive this protection, the volunteer must have been acting in good faith, not in a willful or wanton manner, and in a way that is within the scope of his duties.

The National Service Act will create thousands of federally-sponsored volunteers in all 50 States. These volunteers will be subject to different civil justice standards in each State. This amendment will encourage States to treat all volunteers, equitably and fairly.

The amendment is supported by over 75 organizations representing tens of millions of volunteers across the Nation including: The United Way, American Society for Personnel Administrators, U.S. Farm Bureau, the American Medical Association, and the National Association of Manufacturers.

I urge my colleagues to support this amendment.

Mr. GAYDOS, Mr. Chairman, I rise in support of this bill, H.R. 4330, the National Service Act of 1990, and in particular support of the title 2 provisions, which are similar to those in the service bill I introduced February 2, 1989.

Our Nation's young people must have the opportunity to experience both the tangible and the intangible benefits stemming from giving of themselves.

The experiences young men and women have while serving and later walk away with are more than just job related. In addition to helping other people, they learn that they can make a difference in their schools, their communities, their families, and in their own lives.

To show how effective these programs can be, let me tell you about just two of the many programs that are part of a statewide effort in Pennsylvania, my home State.

The Successful Student Partnership Program is an integral part of school dropout prevention efforts. It now operates in 30 school districts and will soon expand to 15 more because of the significant achievement of participating students. For example—out of 100 seventh graders at risk of leaving school before completing high school, after just 1 year in the program, 18 of these students were on the honor roll.

And, statistics from the Pennsylvania Conservation Corps Program, which targets youth who have already left school, show an even higher success rate. Out of the 8,000 young men and women the Pennsylvania corps had helped:

Each one was unemployed when joining the corps;

Almost 40 percent were on some form of public assistance; and

Fifty percent had not finished high school.

Today, 72 percent of these young people—5,760 of the original 8,000—have moved on to unsubsidized employment, further education, or military service.

Mr. Chairman, many of us in this Chamber don't even need statistics to know these programs work.

During the Depression, we saw firsthand the positive effect service programs had on thousands of families because some of those families were either our own, or those of close friends or classmates. We saw how these programs cannot only instill the work ethic, but also pull people out of the pits of despair by changing their lives and their outlooks on life.

I urge all of my colleagues to vote for H.R. 4330 the National Service Act of 1990.

While I still have the floor, I'd like to point out that Pennsylvania has been and continues to be a leader on this front. Currently, Pennsylvania invests more than $7 million in service programs through the Pennsylvania Conservation Corps and PennSERVE, the large program of which the Successful Student Partnership program I talked about earlier is only a small part.

Since 1988, PennSERVE has created 60 model school-based community service programs, launched two full-time year-round service corps in McKeesport and Pittsburgh, worked to expand he Pennsylvania Campus Compact to 28 colleges, initiated the Pennsylvania Model Literacy Corps on 13 college campuses, strengthened volunteer programs for 180,000 State employees, and collaborated with the United Way to establish the Pennsylvania citizen service project.

In addition, four school districts in the State have made community service a graduation requirement and the State's two largest districts—Philadelphia and Pittsburgh—have made community service an integral part of major restructuring efforts.

Mr. SIKORSKI. Mr. Chairman, National Youth Service is a phrase that has many definitions but one common goal. That goal is the development of patriotism and community spirit by encouraging America's youth to devote a portion of their lives to working for the common good. Our communities need the voluntary services of our Nation's college students and many of our young people are willing to serve their community. But one thing often stands in their way—looming student loan indebtedness.

In the past two Congresses, I have introduced youth service legislation that calls for the deferral or partial forgiveness of student loans for college graduates who spend at least 1 year of their life working in charitable or community service activities. Aspects of my legislation have been included in H.R. 4330, the National Service Act, and I commend Chairman HAWKINS for realizing that loan deferment and partial forgiveness can play a vital role in the promotion of community service activities.

As a member of the Governor's Blue Ribbon Committee on Mentoring and Youth Community Service in the State of Minnesota, I have seen firsthand the impact that volunteerism and service has on our Nation's communities, on its citizens, and especially, the positive impact it has on our Nation's young people—our future. H.R. 4330 consolidates many of the best ideas of the several youth service proposals that have been introduced in the House of Representatives that past Congress, and I am proud to be a cosponsor of this important legislation.

I would like to commend Chairman HAWKINS for his strong leadership on this legislation, and as a member of the Minnesota Governor's Blue Ribbon Committee on Mentoring and Youth Community Service, express the committee's full support of H.R. 4330.

Mr. OWENS of New York. Mr. Chairman, I rise in support of H.R. 4330, the National Service Act of 1990.

This legislation is a significant but appropriately modest response to the renewed interest in voluntarism and service we are seeing around the Nation. This bill will encourage and provide necessary support to State and local youth volunteer efforts, but it does not, as some urged us to do earlier in this Congress, create any massive new volunteer program. H.R. 4330 also recognizes that young people do care and are willing to serve their communities if they are given an opportunity and do not need to be compelled or coerced to serve as some have advocated. H.R. 4330 also forthrightly rejects the demands of some that postsecondary financial aid be provided only to those who perform service, recognizing that the Nation's woefully underfunded postsecondary aid programs are not welfare but a critical investment in our future. Finally, H.R. 4330 does not, as some had recommended, create any new bureaucracies to administer volunteer programs, recognizing that the ACTION Agency, an entity created by President Nixon specifically to support voluntarism and administer service programs like VISTA and Foster Grandparents, must have a pivotal role in administering any new volunteer programs.

Most of the resources provided by H.R. 4330 are targeted to improving opportunites for service by low-income and other disadvantaged young people. I am particularly pleased that the legislation includes provisions I authoried to support Youthbuild training and employment projects. Up to $10 million is authorized for grants to assist local development projects which provide disadvantaged youth with education, skills training, and work experience in the construction or rehabilitation of housing for homeless and other low-income people or community facilities needed in low-income communities.

All Youthbuild participants must be economically disadvantaged and at least 75 percent of the participants in each youthbuild project must be high school dropouts with reading or math skills below the eighth grade level—persons who are frequently unserved by JTPA and other training programs and who are among those with the greatest difficulties in the job market. The remaining 25 percent of the participants could be high school dropouts

with reading skills above the eight grade level or high school graduates who have educational needs despite their attainment of a degree. Special recruitment activities would have to be undertaken by each project to attract the participation of young women, ex-offenders, foster care youth, and youth who are homeless.

Youthbuild participants would spend half their time in academic remediation, GED classes, and other educational programs. The rest of their time would be spent on the construction site, working at minimum wage and learning marketable job skills. Upon its completion, the housing Youthbuild participants help to build would be reserved permanently for homeless and low-income families at affordable rents.

The innovative model upon which Youthbuild is based has proven successful wherever it has been tried. It has been carefully developed in East Harlem by the Youth Action Program since 1978. The Banana Kelly Community Improvement Association has successfully replicated it in the South Bronx since 1984. Public/Private Ventures has implemented the model in 12 cities. Youthbuild programs are now being developed by community groups in Minneapolis, Salt Lake City, San Francisco, Cleveland, Youngstown, Boston Chicago, Dallas, Los Angeles, Newark, and in many other locations, but they are struggling without an adequate and stable source of funding.

The Youthbuild Program has proven to be particularly attractive to and beneficial for young minority males and comprises an important part of the response we must make to the terrible crisis facing these young people. The average earnings of all young men have fallen since the early 1970's, but the earnings losses of young black and Hispanic men have been particularly severe. the average annual earnings of young black men fell by 36.7 percent between 1973 and 1987. Young Hispanic men lost 26.7 percent and young white men lost 21.5 percent. Black male dropouts have been hardest hit by changes in the economy. In 1987, young black male dropouts earned an average of only $2,986, compared to $8,496 in 1973—a drop of 64.8 percent. This is twice the size of earnings losses experienced by white and Hispanic male dropouts.

A devastatingly high proportion of young black and Hispanic men are in prison, in jail, or on probation or parole. In 1989, nearly one in four black men between the ages of 20 and 29 were under the control of the criminal justice system—either in prison, in jail, or on parole—on any given day. The proportion was 1 in 10 for young Hispanic men and 1 in 16 for young white men. Young black and Hispanic men are also disproportionately the victims of violent crimes. For example, black men are seven times more likely to die from homicide than their white peers.

Despite the magnitude of this crisis, precious little is being done at the Federal, State, and local levels to arrest and reverse this horrible waste of human potential. There are few programs available to meet the needs of young men in the inner city. As the founder of Youthbuild, Dorothy Stoneman, put it in testimony before our committee, "the only active recruitment of low-income minority men is for them to become drug dealers." By providing support for the replication of the Youthbuild model in communities across the Nation, H.R. 4330 will help to remedy this paucity of meaningful alternatives for young minority males. During consideration of H.R. 4330, our committee heard testimony from Mr. Ventura Santiago, a Youthbuild graduate from East Harlem who obtained his GED through the program and learned construction skills which helped him to obtain a good job paying over $23 per hour. Mr. Santiago spoke eloquently about what Youthbuild meant for him and what it could mean to other young people:

It is not easy growing up in East Harlem. Especially nowadays everybody thinks everybody is on crack or selling drugs or something. A lot of young guys are dropping out at early ages. It's just a shame. Most of them drop out because they really don't have anything to do. You've got to give people something to look forward to, like this training, something to look forward to that they could use in the future. If it wasn't for this training, I don't know where I'd be today. I really don't.

Through Youthbuild, H.R. 4330 will provide many more opportunities for young men like Mr. Santiago. I urge my colleagues to support this legislation without crippling amendments.

Ms. SCHNEIDER. Mr. Chairman, I rise today to speak in favor of H.R. 4330, the National Service Act. It encourages the spirit of voluntarism and community spirit, while addressing unmet social needs. I'd say that's a winning combination.

The National Service Act will help young Americans gain a sense of accomplishment and civic participation. The rewards of instilling this personal sense of commitment to community in our youth will go a long way. It will help prepare our young people to be the workers and citizens we will need in our global economy as we approach the 21st century.

This critical legislation will promote National Service by providing support for a variety of school-based and extracurricular service programs for young people. In addition, this bill will provide Federal assistance to programs for conservation, rehabilitation of wildlife habitats, historical and cultural preservation, and other environmental projects.

I recently enjoyed a visit to Brown University and met with President Vartan Gregorian, and a group of committed youth service leaders. Brown has a proud history of promoting National Service. In February 1988, Brown and Youth Service America sponsored a "Youth Service Leadership Conference" which attracted a number of senior Government representatives. I am proud to represent an institution which has shown such leadership in preparing our young people to understand their responsibilities as citizens in a democracy.

Mrs. LOWEY of New York. Mr. Chairman, I rise in strong support of H.R. 4330, a bill that is designed to ignite all 1,000 of President Bush's famous points of light.

This bill is about emphasizing the importance of giving something back to this great Nation—about meeting the enormous needs of our communities through the great American tradition of voluntarism.

The programs created by this bill have the potential to make a real difference in our schools and communities. Half of the funding is provided for service programs in our Nation's schools, with a significant portion devoted to encouraging the concept of service learning, a tool which combines community service with academics and is used by teachers to energize themselves and their students. This program is going to improve the quality of education in this country.

In addition, half of the bill's funding is devoted to the creation of the American Conservation Corps and the Youth Service Corps, which are designed to conserve our resources and to meet urgent human needs in our communities.

As I meet with young people around my district, I have sensed an increasing desire to help solve local problems—a real yearning to serve the community and the Nation. This bill will help local students realize these objectives.

The bill builds on a long tradition of voluntarism in American society. It simply seeks to encourage the instinct of many Americans to serve those around them who need our help and assistance.

President Bush has talked about "a thousand points of light." However, if we look around our Nation today, we realize that many of those points of light are not visible or are flickering and on the verge of going out. This legislation will help ignite those points of light—particularly among our young people, many of whom are searching for ways to contribute.

This bill will help increase participation across the Nation and help encourage better citizenship across the country. It deserves our strong support, and I hope that all Members will join in approving this valuable legislation.

Mr. OWENS of Utah. Mr. Chairman, everyday on this floor, Americans from every corner of our Nation discuss and debate the great ills facing our society. Crime, substance abuse, homelessness, economic destitution, illiteracy. Today, Congress has an opportunity to address all these concerns in a substantive and progressive way. Some call it preventative maintenance, but I prefer to call it common sense.

I am referring to the National Services Act, a bill that promotes community service at all school levels and establishes youth service programs. As legislators, we should resist looking upon the notion of voluntarism as just a way of providing services to our communities, but as an avenue through which the volunteer can become a productive participant in our society. That's the motivation behind this bill and it is sound.

H.R. 4330 will provide funding, with language for matching funds from State and local government, to create youth corps around the country. The work performed by these young men and women, most of whom have poor educations and few work skills, will have wide-ranging impact. What communities nationwide will receive are low-cost, quality services in the form of housing rehabilitation, day-care help, tutoring of young children, and conservation maintenance of parks and highways. Our disadvantaged and disenfranchised youth will get hands-on experience that will lead to real job skills, no wages but in some cases small stipends to help make ends meet, and oppor-

tunity to receive their GED's or college scholarships. And as importantly, they will receive an understanding of how their lives can have a significant effect on the people around them, an education they could never receive in a classroom.

What our society as a whole gets is something less tangible, but more substantive. Instead of embittered, unemployed and unemployable youths, our cities, towns and county's get productive, useful, caring citizens. Instead of drug usage and delinquent activities, the recourse for many who feel shunted from the mainstream, we will have willing and enthusiastic participants in our businesses, schools and churches, and the foundation of a competitive, global economy to take us into the next century.

It is not an oversight process. We will not wake up tomorrow from passing this bill and see the change. But like the violent crime, school dropout, and drug problems that develop over a number of years, it's a gradual process. However, it will happen if we give ideas like H.R. 4330 a chance.

For those in school, the National Service Act will expand their education in ways not possible without impetus from the Federal Government. Instead of just attending social studies classes, students could set up voter registration drives. Instead of attending science classes, kids could help the Red Cross in setting up blood drives. There are many applications and all of them positive because they reinforce that what our children learn in the classrooms is not all boring theory out of textbooks, but can have real and exciting implications in their daily lives. That is enriching and the full measure of what education is all about.

For some schools, these are extracurricular activities, but I would like to see these programs become part of the curriculum. For educators and parents who are worried about providing basic reading and writing skill for students, I think youth service programs reinforce those skills and will make our kids realize the value of having a solid foundation in the basic education fundamentals. It will teach kids how to learn, something they will need the rest of their lives as jobs change and become obsolete.

It is the hope for many supporters of H.R. 4330, that the Federal Government will provide the impetus for State legislatures to create programs within their jurisdiction. A number of States already have programs, and many more have legislation that would establish youth corps. Among them, I am pleased to note, is Utah, which this past session passed a measure to create a Youth Conservation Corps. This new youth corps program will assist Utah in maintaining its highways, hiking trails, and rural areas.

America's business and civic leaders have already recognized that there are plenty of high skill positions available in our current job market, but there are not enough students who have received the education and job skills training needed to take on those jobs. More and more, corporate America is willing to make an investment in its future. Congress should too.

The funding level this legislation authorizes is $180 million, not a significant sum to ask for with regard to the future of thousands of young Americans. And as I mentioned before, this legislation will act as motivation for States and localities to create youth services programs that one day they will have the principal responsibility in funding.

In closing, let me once again encourage your support for the National Services Act, legislation that I believe will have beneficial ramifications we have not even envisioned yet.

Mr. GOODLING. Mr. Chairman, I yield back the balance of my time.

Mr. HAWKINS. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. MONTGOMERY). Pursuant to the rule, the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill shall be considered by titles as an original bill for the purpose of amendment and each title shall be considered as read.

The Clerk will designate section 1.

The text of section 1 is as follows:

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Services Act of 1990".

Mr. WALKER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as was evident from my previous remarks, I am a little concerned about the fact that we are taking voluntarism and making it into kind of a bureaucratic entity rather than in the true spirit of voluntarism.

Mr. HAWKINS. Mr. Chairman, will the gentleman yield?

Mr. WALKER. Yes, I yield to the gentleman from California.

Mr. HAWKINS. Mr. Chairman, would the gentleman specify what bureaucracy is being created?

Mr. WALKER. Well, I have a couple questions of the gentleman just to try to clarify that.

Mr. HAWKINS. Well, would the gentleman answer mine, please, as a matter of courtesy?

Mr. WALKER. Excuse me?

Mr. HAWKINS. I asked whether or not the gentleman will specify what bureaucracies are being created.

Mr. WALKER. Well, for example, I think that we may involve the bureaucracy of the IRS in all this. Can the gentleman tell me what the situation is with regard to the loan forgiveness? Is that regarded as income to the individual involved? What is the status of that particular item? Are we not going to get the IRS involved in this?

Mr. HAWKINS. Mr. Chairman, if the gentleman will yield further, the gentleman should understand the IRS is already created. Is the gentleman saying that is a bureaucracy that we are going to create? The gentleman is saying the IRS will be involved in the creation of another new bureaucracy?

Mr. WALKER. Mr. Chairman, if the gentleman will listen to what I said, I said we are going to make these people into tools of Federal bureaucrats. That is what I said, and tools of Federal bureaucrats means that, for example, the IRS, it looks to me they get involved here unless there is some solution within this bill.

Mr. HAWKINS. Well, perhaps the gentleman, if he will yield further, does not realize that they are already involved. We are not asking for their involvement.

Mr. WALKER. The gentleman is creating in his bill a whole host of new loan forgiveness.

My first question is, is that going to count as income for the individuals involved?

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Montana.

Mr. WILLIAMS. Mr. Chairman, there is no change in the relationship between the IRS regulations, laws and bureaucracy, as currently exists. There is cancellation in the law now. The IRS would treat the cancellations and deferments envisioned by this act exactly as it now treats other cancellation and deferments.

Mr. WALKER. And can the gentleman tell me, does that count as income to the individuals involved?

Mr. WILLIAMS. It is not income.

Mr. WALKER. It is not income to the individuals involved, so in this case the IRS will not count this forgiveness as income to the individuals involved, if I understand the gentleman.

Then I look at page 49 of the bill and I find a term called a full-time volunteer in service comparable to service referred to in subparagraph (E) and so on, but I do not see any definition in the bill of full-time volunteer. That is an interesting concept. This is somebody who is full time. What does that mean in terms of hours? Who is a full-time volunteer that is going to be eligible here? Is that somebody who works 40 hours a week as a volunteer? Who are these full-time volunteers?

Mr. HAWKINS. Mr. Chairman, will the gentleman yield?

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

Mr. HAWKINS. Mr. Chairman, that is already in the code. The definition would follow what is already in the code. We do not change the definition.

Mr. WALKER. Well, what is the definition of a full-time volunteer?

Mr. HAWKINS. It is 40 hours.

Mr. WALKER. It is 40 hours, so it is someone who works at voluntarism for 40 hours.

Then it goes on to say that this person must not receive compensation for services in excess of the Fair Labor Standards Act.

In other words, we have now created a new title for minimum wage workers called a full-time volunteer. Is that what we are doing here in this language?

Mr. HAWKINS. The gentleman is referring to categories that already exist.

Now, I understand the gentleman is opposed to the bill and obviously he is trying to obfuscate the issues to protect his position.

Mr. WALKER. I am not trying to obfuscate anything, and I resent the chairman saying that. I am trying to find out what the gentleman's bill means.

Mr. HAWKINS. I tried to indicate to the gentleman that these are not new definitions. These are definitions already in existence.

Mr. WALKER. Well, I thank the gentleman for that, but the problem is, that the gentleman is including under a loan cancellation authorization which is making a brandnew entitlement program. The gentleman is creating a brandnew entitlement program here and I am trying to find out what all this terminology means. I am telling the gentleman, I am not trying to obfuscate. I am trying to find out where the obfuscation is in the bill that the gentleman brings before us, because I will say that it sounds to me as though full-time volunteer is just another fancy word for minimum wage worker, if we go by the language which is in the gentleman's bill.

I also have another problem. When we go over to page 50, we find out over there that we are talking about cancellation of loans not to volunteers in this bill, but under the gentleman's——

The CHAIRMAN pro tempore (Mr. MONTGOMERY). The time of the gentleman from Pennsylvania has expired.

(By unanimous consent, Mr. WALKER was allowed to proceed for 3 additional minutes.)

Mr. WALKER. Over on page 50 of the bill we find it is not volunteers that we are dealing with. Then we begin dealing with full-time professionals.

Now, down in the bill here it says "as a full-time professional employee engaged in drug counseling, prevention, intervention, treatment, or education and employed by a public or nonprofit private agency or organization."

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Now all of a sudden we have gotten out of the business of canceling loans for volunteers. Now we are in the business of canceling loans in this bill for full-time professional employees.

How did that get in there if this is a volunteer bill? Where did that one come from?

I would be glad to yield to someone.

The question is how did we end up with a volunteer bill with full-time professional employees getting the cancellation? Why not doctors? I have got people who are serving the poor, doctors who are full-time professional employees. Why not cancel some of their loans in the bill as well? Why do we pick out one category? Why are we dealing with full-time professional employees and not volunteers?

Well, I do not get an answer.

I mean that is a problem. You have a series of bureaucratic decisions that are going to be made here about this bill, and these people are literally going to be tools of the Federal bureaucrats.

I will tell you this bill has got problems. They are problems that are not being resolved. Good heavens, we cannot even get answers. I could not get an answer earlier as to how many volunteers this was going to create. I suppose there is no answer to that. I cannot get an answer about what we mean by a "full-time volunteer." I cannot find out why we are including full-time professionals in the bill.

I got to tell you I am a little bit concerned that this is a major intrusion into what has been a working system in this country. Voluntarism in this country has worked.

For Congress to get involved in ways that we do not even pretend to understand on the House floor is wrong. It makes a mockery of the title of this bill that suggests that we are doing something to help voluntary organizations, or people participating, contributing their skills in meaningful ways in our society.

I think we ought to reject this bill.

The CHAIRMAN pro tempore (Mr. MONTGOMERY). Are there any amendments to section 1? If not, the Clerk will designate title I.

The text of title I is as follows:

TITLE I—SCHOOL-BASED AND HIGHER EDUCATION COMMUNITY SERVICE

PART A—SCHOOL-BASED COMMUNITY SERVICE

SEC. 101. SHORT TITLE.

This part may be cited as the "Schools and Service-Learning Act of 1990".

Subpart 1—School-Based Service Learning

SEC. 106. SCHOOL-BASED SERVICE LEARNING PROGRAM.

The Secretary of Education is authorized, in accordance with the provisions of this subpart, to make grants to States through their State educational agencies for—

(1) planning and building State capacity for implementing statewide, school-based, service-learning programs, including—

(A) preservice and in-service training for teachers, supervisors, and personnel from community organizations in which service opportunities will be provided;

(B) developing service-learning curricula, including age-appropriate learning components for students to analyze and apply their service experiences;

(C) forming local partnerships to develop school-based community service programs in accordance with this subpart;

(D) devising appropriate methods for research and evaluation of the educational value of youth service opportunities and the effect of youth service programs on communities;

(E) establishing effective outreach and dissemination to ensure the broadest possible involvement of nonprofit community-based organizations and youth-service agencies with demonstrated effectiveness in their communities; and

(F) integration of service-learning into academic curricula; and

(2) the implementation, operation, or expansion of statewide, school-based, service-learning programs through State distribution of not less than 80 percent of Federal funds made available under this subpart to projects and activities coordinated and operated by local partnerships of local educational agencies and other agencies and organizations in accordance with this subpart.

SEC. 107. AUTHORIZATION OF APPROPRIATIONS; ALLOTMENTS TO STATES.

(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for the purpose of carrying out the provisions of this subpart $35,000,000 for the fiscal year 1991, and such sums as may be necessary for each of the fiscal years 1992, 1993, and 1994.

(b) RESERVATIONS.—Of the sums appropriated to carry out this subpart for any fiscal year, the Secretary shall reserve not more than 1 percent for payments to Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands, to be allotted in accordance with their respective needs.

(c) ALLOTMENT.—The remainder of such sums shall be allotted among the States as follows:

(1) From 50 percent of such remainder the Secretary shall allot to each State an amount which bears the same ratio to 50 percent of such remainder as the school-age population of the State bears to the school-age population of all States.

(2) From 50 percent of such remainder the Secretary shall allot to each State an amount which bears the same ratio to 50 percent of such remainder as allocations to the State for the previous fiscal year under chapter 1 of title I of the Elementary and Secondary Education Act of 1965 bear to such allocations to all States.

(d) LIMITATION.—For any period during which a State is carrying out planning activities under section 106(1) prior to implementation under section 106(2), a State may be paid not more than 25 percent of its allotment under this subpart.

(e) REALLOTMENT.—The amount of any State's allotment for any fiscal year to carry out this subpart which the Secretary determines will not be required for that fiscal year shall be available for reallotment to other States as the Secretary may determine.

(f) DEFINITIONS.—For purposes of this section:

(1) The term "school-age population" means the population aged 5 through 17, inclusive.

(2) The term "State" includes the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 108. ASSISTANCE TO LOCAL PARTNERSHIPS.

(a) ASSISTANCE TO LOCAL PARTNERSHIPS.—From the sum made available under section 107 to a State educational agency for each fiscal year, such agency shall, through grants or contracts, provide not more than the Federal share of financial assistance to local partnerships for school-based service projects (in this subpart referred to as "partnerships") for the purpose of carrying out

the projects and activities authorized by this subpart.

(b) LOCAL PARTNERSHIPS.—

(1) Each partnership shall consist of at least 1 local educational agency and at least 1—

(A) local government agency;

(B) community-based organization;

(C) institution of higher education; or

(D) private nonprofit organization.

(2) A partnership may include representation by private for-profit business organizations and private elementary and secondary schools.

(c) PRIORITY.—In providing financial assistance pursuant to this subpart, State educational agencies shall give priority consideration to proposals for projects that—

(1) are in greatest need of assistance, such as projects serving low-income areas;

(2) involve participants in the design and operation of the program, where appropriate;

(3) involve students from both public and private elementary and secondary schools and individuals of different ages, races, sexes, ethnic groups, and economic backgrounds serving together;

(4) involve adults, particularly older individuals, as mentors and in other capacities that provide significant interaction with youth performing community service in a school-based setting, including at-risk youth;

(5) involve a partnership which includes private sector employees with talents and skills in short supply in the schools; and

(6) focus on drug and alcohol abuse prevention, school drop-out prevention, or nutrition and health education.

SEC. 109. STATE APPLICATIONS.

(a) APPLICATION REQUIREMENTS.—A State educational agency which desires to receive its allotment under this subpart shall submit to the Secretary an application at such time, in such manner, and containing such information and assurances as the Secretary may require, including—

(1) evidence of substantial cooperative efforts among local educational agencies, local government agencies, community-based organizations, the private sector, and State agencies to develop service-learning opportunities;

(2) an assurance that participation of economically and educationally disadvantaged youths, including youths in foster care who are becoming too old for foster care, youths of limited English proficiency, and youths with disabilities, will participate in service opportunities;

(3) provision for the coordination of service opportunities with other federally assisted education programs, training programs, social service programs, and other appropriate programs that serve youth;

(4) an assurance that urban, rural, and tribal areas will be served;

(5) an assurance that the State will give special consideration to providing assistance to projects that will provide academic credit to participants;

(6) an assurance that the State will keep such records and provide such information to the Secretary as may be required for fiscal audits and program evaluation; and

(7) an assurance that the State will comply with the specific requirements of this subpart.

(b) DIRECT GRANTS.—In any fiscal year in which a State does not participate in programs under this subpart, the Secretary may use the State's allotment to make direct grants for school-based service-learning projects to local applicants in that State.

(c) PARTICIPATION OF CHILDREN AND TEACHERS FROM PRIVATE SCHOOLS.—

(1) To the extent consistent with the number of children in the State or in the school district of the local educational agency involved who are enrolled in private nonprofit elementary and secondary schools, such State or agency shall (after consultation with appropriate private school representatives) make provision—

(A) for including services and arrangements for the benefit of such children as will assure the equitable participation of such children in the purposes and benefits of this subpart; and

(B) for such training for the benefit of teachers of such children as will assure equitable participation of such teachers in the purposes and benefits of this subpart.

(2) If by reason of any provision of law, a State or local educational agency or institution of higher education is prohibited from providing for the participation of children or teachers from private nonprofit schools as required by paragraph (1), or if the Secretary determines that a State or local educational agency substantially fails or is unwilling to provide for such participation on an equitable basis, the Secretary shall waive such requirements and shall arrange for the provision of services to such children and teachers. Such waivers shall be subject to consultation, withholding, notice, and judicial review requirements in accordance with section 1017 of the Elementary and Secondary Education Act of 1965.

SEC. 110. LOCAL PROGRAM PROPOSAL.

(a) PROPOSAL REQUIREMENT.—A partnership that desires to receive financial assistance pursuant to this subpart shall submit to the State educational agency of the State in which it is located a proposal which meets the requirements of this section. Such proposal shall be submitted at such time and in such manner as the State educational agency may reasonably require.

(b) PROPOSAL REQUIREMENTS.—Each proposal submitted under subsection (a) shall—

(1) contain a written agreement among the partners, including the entities with which students or school volunteers are affiliated, community representatives, and the local educational agency where service opportunities will be provided, which states that the program was developed by all the partners and that the program will be jointly operated by the partnership;

(2) provide for the establishment of an advisory committee consisting of representatives of community agencies, services recipients, youth serving agencies, students, parents, teachers, administrators, school board members, labor, and business, and describe the membership and role of such committee;

(3) describe the goals of the program, including goals that are quantifiable, measurable, and demonstrate benefits to both the students or school volunteers and the community;

(4) describe the service opportunities to be provided;

(5) describe how the students or school volunteers will be recruited, including special efforts to recruit school dropouts with the assistance of community-based organizations;

(6) describe how students or school volunteers were or will be involved in the design and operation of the program;

(7) state the responsibilities and qualifications of the coordinator of any program assisted under this subpart;

(8) describe preservice and in-service training to be provided to supervisors and students or school volunteers;

(9) describe potential resources that will permit continuation of the program, if necessary, upon the expiration of Federal funding;

(10) describe an age-appropriate learning component for students that includes, at a minimum, a chance for students to analyze and apply their service experiences and expected learning outcomes;

(11) indicate whether students will receive academic credit for participation;

(12) establish target numbers for—

(A) students who will participate in the program assisted under this subpart; and

(B) hours of service such students will provide individually and as a group;

(13) describe the proportion of students expected to participate who are educationally or economically disadvantaged, including students with disabilities;

(14) describe the ages and grade levels of students who are expected to participate;

(15) include other relevant demographic information about students who are expected to participate; and

(16) provide assurances that students will be provided with information (including information relating to student loan deferment and forgiveness provisions) concerning the Volunteers in Service to America program, the Peace Corps, full-time Youth Service Corps programs funded under this Act, and other appropriate civilian and military service options.

SEC. 111. FEDERAL SHARE.

(a) STATE SHARE.—

(1) The Federal share of the cost of planning and capacity building under section 106(1) may not exceed 90 percent of the total cost of such planning and capacity building.

(2) The State share of the cost of such planning and capacity building shall be in cash. The State share shall be provided through public or private non-Federal sources and may not be provided by any local public agency.

(b) LOCAL SHARE.—

(1) The Federal share of a grant or contract for a project under this subpart may not exceed—

(A) 90 percent of the total cost of a project for the first year for which the project receives assistance under this subpart;

(B) 80 percent of the total cost of a project for the second year for which the project receives assistance under this subpart;

(C) 70 percent of the total cost of a project for the third year for which the project receives assistance under this subpart; and

(D) 50 percent of the total cost of a project for the fourth year and each succeeding year for which the project receives assistance under this subpart.

(2) The State and local share of the costs of a project may be in cash or in kind fairly evaluated, including facilities, equipment, or services.

(c) WAIVER.—The Secretary may waive the requirements of subsection (b) with respect to any project in any fiscal year if the Secretary determines that such a waiver would be equitable due to a lack of available financial resources at the local level.

SEC. 112. USES OF FUNDS; LIMITATIONS.

(a) STATE USES OF FUNDS.—The State educational agency may reserve, from funds made available to such agency under this subpart—

(1) not more than 5 percent of such funds for administrative costs for any fiscal year; and

(2) to build capacity through training, technical assistance, curriculum development, and coordination activities, not more than—

(A) 15 percent of such funds in the first year in which a State operates a program under this subpart;

(B) 10 percent of such funds in each of the second and third years in which a State operates a program under this subpart; and

(C) 5 percent in the fourth year and each succeeding year in which a State operates a program under this subpart.

(b) AUTHORIZED ACTIVITIES FOR LOCAL PROJECTS.—

(1) Local projects may use funds made available under this subpart for supervision of participating students, program administration, training, reasonable transportation costs, insurance, and other reasonable expenses.

(2) Funds made available under this subpart may not be used to pay any stipend, allowance, or other financial support to any participant, except reimbursement for transportation, meals, and other reasonable out-of-pocket expenses directly related to participation in a program assisted under this subpart.

Subpart 2—Youthbuild Projects

SEC. 116. STATEMENT OF PURPOSE.

It is the purpose of this subpart—

(1) to provide economically disadvantaged young adults with opportunities for meaningful service to their communities in helping to meet the housing needs of homeless individuals and low-income families; and

(2) to enable economically disadvantaged young adults to obtain the education and employment skills necessary to achieve economic self-sufficiency.

SEC. 117. AUTHORIZATION OF PROGRAM.

(a) FINANCIAL ASSISTANCE.—The Director of the ACTION Agency, in consultation with the Secretary of Labor, may provide grants to pay the Federal share of the cost of carrying out Youthbuild projects in accordance with this subpart.

(b) FEDERAL SHARE.—The Federal share under subsection (a) for each fiscal year shall not exceed 90 percent.

SEC. 118. SERVICE IN CONSTRUCTION AND REHABILITATION PROJECTS.

(a) CONSTRUCTION AND REHABILITATION PROJECTS.—Eligible participants serving in Youthbuild projects receiving assistance under this subpart shall be employed in the construction, rehabilitation, or improvement of real property to be used for purposes of providing—

(1) residential rental housing that is occupied solely by, or available for occupancy solely by, homeless individuals and low-income families;

(2) transitional housing for homeless individuals;

(3) facilities for the provision of health, education, and other social services to low-income families, including—

(A) senior citizen centers;

(B) youth recreation centers;

(C) Head Start or child care centers; and

(D) community health centers.

(b) REQUIREMENTS FOR COMMUNITY FACILITIES.—No assistance may be provided under this subpart to support the construction, rehabilitation, or improvement of real property to be used to provide facilities described in subsection (a) unless the property—

(1) is used principally by or for the benefit of low-income families;

(2) is owned and occupied solely by public or private nonprofit entities; and

(3) is located in census tracts, or identifiable neighborhoods within census tracts, in which the median family income is not more than 80 percent of the median family income of the area in which the facility is located, as such median family income and area are determined for the purposes of assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

(c) RESTRICTION OF USE.—Participants under this subpart may not be employed in the construction, operation, or maintenance of any facility used for sectarian instruction or religious worship.

SEC. 119. EDUCATION AND JOB TRAINING SERVICES.

(a) IN GENERAL.—Assistance provided under this part shall be used by each Youthbuild project to provide to participants the following:

(1) SERVICE OPPORTUNITIES.—Service opportunities in the construction or rehabilitation projects described in section 118, which shall be integrated with appropriate skills training and coordinated with, to the extent feasible, preapprenticeship and apprenticeship programs.

(2) EDUCATIONAL SERVICES.—Services and activities designed to meet the educational needs of participants, including—

(A) basic skills instruction and remedial education;

(B) bilingual education for individuals with limited English proficiency; and

(C) secondary education services and activities designed to lead to the attainment of a high school diploma or its equivalent.

(3) PERSONAL AND PEER SUPPORTS.—Counseling services and other activities designed to—

(A) ensure that participants overcome personal problems that would interfere with their successful participation; and

(B) develop a strong, mutually supportive peer context in which values, goals, cultural heritage, and life skills can be explored and strengthened.

(4) LEADERSHIP DEVELOPMENT.—Opportunities to develop the decision-making, speaking, negotiating, and other leadership skills of participants, such as the establishment and operation of a youth council with meaningful decision-making authority over aspects of the project.

(5) PREPARATION FOR AND PLACEMENT IN UNSUBSIDIZED EMPLOYMENT.—Activities designed to maximize the value of participants as future employees and to prepare participants for seeking, obtaining, and retaining unsubsidized employment.

(6) NECESSARY SUPPORT SERVICES.—To provide support services and need-based stipends necessary to enable individuals to participate in the program and, for a period not to exceed 6 months after completion of training, to assist participants through support services in retaining employment.

(b) CONDITIONS.—The provision of service opportunities to participants in Youthbuild projects shall be made conditional upon attendance and participation by such individuals in the educational services and activities described in subsection (a). The duration of participation for each individual in educational services and activities shall be at least equal to the total number of hours for which a participant serves and is paid wages by a Youthbuild project.

SEC. 120. USES OF FUNDS.

(a) FUNDS.—Funds provided under this subpart may be used only for activities that are in addition to activities that would otherwise be available in the absence of such funds.

(b) ASSISTANCE CRITERIA.—Assistance provided to each Youthbuild project under this part shall be used only for—

(1) education and job training services and activities described in paragraphs (2), (3), (4), (5), and (6) of section 119(a);

(2) wages and benefits paid to participants in accordance with sections 119(a) and 122; and

(3) administrative expenses incurred by the project, in an amount not to exceed 15 percent of the total cost of the project.

SEC. 121. ELIGIBLE PARTICIPANTS.

(a) IN GENERAL.—An individual shall be eligible to participate in a Youthbuild project receiving assistance under this subpart if such individual is—

(1) 16 to 24 years of age, inclusive;

(2) economically disadvantaged; and

(3) except as is provided in subsection (b), an individual who has dropped out of high school whose reading and mathematics skills are at or below the 8th grade level.

(b) EXCEPTIONS.—Not more than 25 percent of the participants in a Youthbuild project receiving assistance under this subpart may be individuals who do not meet the requirements of subsection (a)(3) if such individuals—

(1) have not attained a high school diploma or its equivalent; or

(2) have educational needs despite the attainment of a high school diploma or its equivalent.

(c) PARTICIPATION LIMITATION.—Any eligible individual selected for full-time participation in a Youthbuild project may participate full-time for a period of not less than 6 months and not more than 18 months.

SEC. 122. WAGES, LABOR STANDARDS, AND NONDISCRIMINATION.

(a) WAGES AND LABOR STANDARDS.—To the extent consistent with the provisions of this subpart, sections 142 and 143 of the Job Training Partnership Act (29 U.S.C. 1552, 1553, and 1577), relating to wages and benefits and labor standards, shall apply to the projects conducted under this subpart as if such projects were conducted under the Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(b) NONDISCRIMINATION.—(1) Except as provided in paragraph (2), an individual with responsibility for the operation of a Youthbuild project shall not discriminate on the basis of religion against a participant or a member of the project staff who is paid with funds under this title.

(2) Paragraph (1) shall not apply to the employment, with funds provided under this title, of any member of the staff of a Youthbuild project who was employed with the organization operating the project on the date the grant funded under this title was awarded.

SEC. 123. CONTRACTS.

Each Youthbuild project shall carry out the services and activities under this subpart directly or through arrangements or under contracts with administrative entities designated under section 103(b)(1)(B) of the Job Training Partnership Act (29 U.S.C. 1501(b)(1)(B)), with State and local educational agencies, institutions of higher education, State and local housing development agencies, and with other public agencies and private organizations.

SEC. 124. PERFORMANCE STANDARDS.

(a) IN GENERAL.—The Director, in consultation with the Secretary of Labor, shall prescribe standards for evaluating the performance of Youthbuild projects receiving assist-

ance under this subpart, including the following factors:

(1) Placement in unsubsidized employment.

(2) Retention in unsubsidized employment.

(3) An increase in earnings.

(4) Improvement of reading and other basic skills.

(5) Attainment of a high school diploma or its equivalent.

(b) VARIATIONS.—The Director shall prescribe variations to the standards determined under subsection (a) by taking into account the economic conditions of the areas in which Youthbuild projects are located and appropriate special characteristics, such as the extent of English language proficiency and offender status of Youthbuild participants.

SEC. 125. APPLICATIONS.

(a) SUBMISSION.—To apply for a grant under this subpart, an eligible entity shall submit an application to the Director in accordance with procedures established by the Director.

(b) CRITERIA.—Each such application shall—

(1) describe the educational services, job training, supportive services, service opportunities, and other services and activities that will be provided to participants;

(2) describe the proposed construction of rehabilitation activities to be undertaken and the anticipated schedule for carrying out such activities;

(3) describe the manner in which eligible youths will be recruited and selected, including a description of arrangements which will be made with community-based organizations, State and local educational agencies, public assistance agencies, the courts of jurisdiction for status and youth offenders, homeless shelters and other agencies that serve homeless youth, foster care agencies, and other appropriate public and private agencies;

(4) describe the special outreach efforts that will be undertaken to recruit eligible young women (including young women with dependent children);

(5) describe how the proposed project will be coordinated with other Federal, State, and local activities, including vocational, adult and bilingual education programs, job training supported by funds available under the Job Training Partnership Act (29 U.S.C. 1501 et seq.) and the Family Support Act of 1988, housing and economic development, and programs that receive assistance under section 106 of the Housing and Community Development Act of 1974 (42 U.S.C. 5306);

(6) provide assurances that there will be a sufficient number of supervisory personnel on the project and that the supervisory personnel are trained in the skills needed to carry out the project;

(7) describe activities that will be undertaken to develop the leadership skills of participants;

(8) set forth a detailed budget and describe the system of fiscal controls and auditing and accountability procedures that will be used to ensure fiscal soundness; and

(9) set forth assurances, arrangements, and conditions the Director determines are necessary to carry out this subpart.

SEC. 126. SELECTION OF PROJECTS.

In approving applications for assistance under this subpart, the Director shall give priority to applicants that demonstrate the following:

(1) POTENTIAL FOR SUCCESS.—The greatest likelihood of success, as indicated by such factors as the past experience of an applicant with housing rehabilitation or construction, youth and youth education and employment training programs, management capacity, fiscal reliability, and community support.

(2) NEED.—Have the greatest need for assistance, as determined by factors such as—

(A) the degree of economic distress of the community from which participants would be recruited, including—

(i) the extent of poverty;

(ii) the extent of youth unemployment; and

(iii) the number of individuals who have dropped out of high school; and

(B) the degree of economic distress of the locality in which the housing would be rehabilitated or constructed, including—

(i) objective measures of the incidence of homelessness;

(ii) the relation between the supply of affordable housing for low-income families and the number of such families in the locality;

(iii) the extent of housing overcrowding; and

(iv) the extent of poverty.

SEC. 127. MANAGEMENT AND TECHNICAL ASSISTANCE.

(a) DIRECTOR ASSISTANCE.—The Director may enter into contracts with a qualified public or private nonprofit agency to provide assistance to the Director in the management, supervision, and coordination of Youthbuild projects receiving assistance under this subpart.

(b) SPONSOR ASSISTANCE.—The Director shall enter into contracts with a qualified public or private nonprofit agency to provide appropriate training, information, and technical assistance to sponsors of projects assisted under this subpart.

(c) APPLICATION PREPARATION.—Technical assistance may also be provided in the development of project proposals and the preparation of applications for assistance under this subpart to eligible entities which intend or desire to submit such applications. Community-based organizations shall be given first priority in the provision of such assistance.

(d) RESERVATION OF FUNDS.—The Director shall reserve 5 percent of the amounts available in each fiscal year under section 130 to carry out subsections (b) and (c) of this section.

SEC. 128. DEFINITIONS.

For purposes of this subpart:

(1) COMMUNITY-BASED ORGANIZATIONS.—The term "community-based organizations" has the meaning given the term in section 4(8) of the Job Training Partnership Act (29 U.S.C. 1503(8)).

(2) DIRECTOR.—The term "Director" means the Director of the ACTION agency.

(3) DROPPED OUT OF HIGH SCHOOL.—The term "individual who has dropped out of high school" means an individual who is neither attending any school nor subject to a compulsory attendance law and who has not received a secondary school diploma or a certificate of equivalency for such diploma, but does not include any individual who has attended secondary school at any time during the preceding 6 months.

(4) ECONOMICALLY DISADVANTAGED.—The term "economically disadvantaged" has the meaning given the term in section 4(8) of the Job Training Partnership Act (29 U.S.C. 1503(8)).

(5) ELIGIBLE ENTITY.—The term "eligible entity" means a public or private nonprofit agency, such as—

(A) community-based organizations;

(B) administrative entities designated under section 103(b)(1)(B) of the Job Training Partnership Act (29 U.S.C. 1501(b)(1)(B));

(C) community action agencies;

(D) State and local housing development agencies;

(E) State and local youth service and conservation corps; and

(F) any other entity that is eligible to provide education and employment training under other Federal employment training programs.

(6) HOMELESS INDIVIDUAL.—The term "homeless individual" has the meaning given the term in section 103 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302).

(7) HOUSING DEVELOPMENT AGENCY.—The term "housing development agency" means any agency of a State or local government, or any private nonprofit organization that is engaged in providing housing for the homeless or low-income families.

(8) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(9) LIMITED ENGLISH PROFICIENCY.—The term "limited English proficiency" has the meaning given the term in section 7003 of the Bilingual Education Act (20 U.S.C. 3223).

(10) LOW-INCOME FAMILY.—The term "low-income family" has the meaning given the term "lower income families" in section 3(b)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(2)).

(11) OFFENDER.—The term "offender" means any adult or juvenile with a record of arrest or conviction for a criminal offense.

(12) QUALIFIED NONPROFIT AGENCY.—The term "qualified public or private nonprofit agency" means any nonprofit agency that has significant prior experience in the operation of projects similar to the Youthbuild program authorized under this subpart and that has the capacity to provide effective technical assistance under this section.

(13) RESIDENTIAL RENTAL PURPOSES.—The term "residential rental purposes" includes a cooperative or mutual housing facility that has a resale structure that enables the cooperative to maintain affordability for low-income individuals and families.

(14) SERVICE OPPORTUNITY.—The term "service opportunity" means the opportunity to perform work in return for wages and benefits in the construction or rehabilitation of real property in accordance with this subpart.

(15) STATE.—The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, Guam, American Somoa, the Trust Territories of the Pacific Islands, or any other territory or possession of the United States.

(16) TRANSITIONAL HOUSING.—The term "transitional housing" means a project that has as its purpose facilitating the movement of homeless individuals and families to independent living within a reasonable amount of time. Transitional housing includes housing primarily designed to serve deinstitutionalized homeless individuals and other homeless individuals with mental or physical disabilities and homeless families with children.

(17) YOUTHBUILD PROJECT.—The term "Youthbuild project" means any project that

receives assistance under this subpart and provides disadvantaged youth with opportunities for service, education, and training in the construction or rehabilitation of housing for homeless and other low-income individuals.

SEC. 129. REGULATIONS.

The Secretary shall issue any regulations necessary to carry out this subpart.

SEC. 130. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out the provisions of this subpart $10,000,000 for fiscal year 1991 and such sums as may be necessary for each of the 3 succeeding fiscal years. Amounts appropriated under this section shall remain available until expended.

Subpart 3—Other Federal Volunteer Service Programs

SEC. 131. RURAL YOUTH SERVICE DEMONSTRATION PROJECT.

(a) IN GENERAL.—The Secretary is authorized, in accordance with the provisions of this subpart, to make grants and enter into contracts for demonstration projects in rural areas. Such projects may include volunteer service involving the elderly and assisted-living services performed by students, school dropouts, and out-of-school youth.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out the provisions of this section $2,000,000 for the fiscal year 1991 and such sums as may be necessary for each of the fiscal years 1992, 1993, and 1994.

SEC. 132. GOVERNORS' VOLUNTARY SERVICE PROGRAM.

(a) IN GENERAL.—The Director of the ACTION agency (in this section referred to as the "Director") is authorized to make grants to the chief executive officer of each State for initiatives involving non-school-based voluntary service projects in the State.

(b) AUTHORIZED ACTIVITIES.—Grants under this section may be used for—

(1) enhancing State volunteer service programs;

(2) volunteer service demonstration programs;

(3) research concerning, assessment of, and evaluation of volunteer service programs;

(4) State coordination of volunteer service programs;

(5) technical assistance;

(6) training and staff development; and

(7) collection and dissemination of information concerning volunteer service programs.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out the provisions of this section $3,000,000 for each of the fiscal years 1991, 1992, 1993, and 1994.

(d) ALLOTMENTS.—

(1) Subject to paragraph (2), the Director shall allot to the chief executive officer of each State an amount which bears the same ratio to the amount appropriated under subsection (b) as the school-age population of the State bears to the school-age population of all States.

(2) Subject to the availability of appropriations, the chief executive officer of each State shall receive at least $30,000 for each fiscal year for purposes of carrying out an initiative under this section.

(e) DEFINITION.—For purposes of this section the term "State" includes the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 133. MODEL SERVICE-LEARNING PROGRAM.

(a) PROGRAM AUTHORIZED.—The Secretary is authorized, in accordance with the provisions of this subpart, to make grants to, and enter into contracts with, States, local educational agencies, local government agencies, and community-based organizations for innovative community service and service-learning programs and curricula that can serve as national models.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out the provisions of this section $5,000,000 for the fiscal year 1991 and such sums as may be necessary for each of the fiscal years 1992, 1993, and 1994.

SEC. 134. MODEL SERVICE PROGRAMS FOR DROPOUTS AND OUT-OF-SCHOOL YOUTH.

(a) PROGRAM AUTHORIZED.—The Secretary is authorized, in accordance with the provisions of this subpart, to make grants to, or enter into contracts with, State educational agencies, local educational agencies, institutions of higher education, local government agencies, community-based organizations, and other public or private nonprofit organizations to develop plans for model programs to enhance the capacity of educational institutions and community-based organizations to administer service-learning programs for school dropouts and out-of-school youth.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out the provisions of this section $10,000,000 for the fiscal year 1991 and such sums as may be necessary for each of the fiscal years 1992, 1993, and 1994.

SEC. 135. ASSISTANCE FOR HEAD START.

Section 502(b) of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5082(b)) is amended—

(1) by inserting "(1)" after "(b)", and

(2) by adding at the end the following:

"(2) There are authorized to be appropriated $5,000,000 for fiscal year 1991 and such sums as may be necessary for each of the three subsequent fiscal years for the purpose of increasing the number of low-income individuals who provide services under part B of title II of this Act to children who participate in Head Start programs.".

Subpart 4—Activities of the Secretary of Education

SEC. 141. DISSEMINATION OF INFORMATION.

The Secretary shall widely disseminate information about programs under this part.

SEC. 142. CLEARINGHOUSES ON VOLUNTEER SERVICE.

(a) IN GENERAL.—The Secretary is authorized to make grants to or enter into contracts with public and private nonprofit agencies with extensive experience in student community service and school volunteer and partnership programs for the establishment and operation of national or regional clearinghouses for information on volunteer service.

(b) DUTIES.—National or regional clearinghouses established or operated with assistance provided under this section shall provide information, curriculum materials, technical assistance, and training to States and local entities participating in programs under subpart 1.

SEC. 143. EVALUATION.

(a) EVALUATION.—The Secretary shall provide, through grants or contracts, for the continuing evaluation of programs assisted under this part in order to determine program effectiveness in achieving stated goals in general and in relation to cost, the effect on related cost-saving programs, and the structure and mechanism for delivery. Such evaluation shall measure the effects of programs authorized by this part, including, where appropriate, comparisons with appropriate control groups composed of individuals who have not participated in such programs. Evaluations shall be conducted by individuals not directly involved in the administration of the program evaluated.

(b) STANDARDS.—The Secretary shall develop and publish general standards for evaluation of program effectiveness in achieving the objectives of this part.

(c) COMMUNITY PARTICIPATION.—In evaluating a program receiving assistance under this part, the Secretary shall consider the opinions of participating students, dropouts, out-of-school youth, and members of the communities where services are delivered concerning the strengths and weaknesses of such program.

(d) REPORTING REQUIREMENTS.—The results of evaluations conducted under this section, including opinions obtained under subsection (c), shall be made available to the public.

(e) REPORT TO CONGRESS.—The results of evaluations conducted under this section shall be analyzed and submitted to the appropriate committees of the Congress with the annual report of the Secretary.

SEC. 144. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for purposes of carrying out the provisions of this subpart $2,000,000 for the fiscal year 1991 and such sums as may be necessary for each of the fiscal years 1992, 1993, and 1994.

Subpart 5—Volunteer Service Activities of the President

SEC. 151. PRESIDENTIAL VOLUNTEER SERVICE AWARDS.

(a) PRESIDENTIAL AWARD FOR SCHOOL-BASED SERVICE.—The President is authorized to make Presidential Awards for School-Based Service recognizing excellence in school-based service programs.

(b) CATEGORIES OF AWARDS.—Each year the President is authorized to make 1 award to an individual in each State in each of the following categories:

(1) Excellence in a service program in kindergarten through grade 6.

(2) Excellence in a service program in grade 7 through grade 12.

(3) Excellence in a service program for dropouts and out-of-school youth.

(4) Excellence in teaching to a teacher in kindergarten through grade 6 who has demonstrated outstanding teaching ability in the area of volunteer service.

(5) Excellence in teaching to a teacher in grade 7 through grade 12 who has demonstrated outstanding teaching ability in the area of volunteer service.

(6) Excellence in teaching to a teacher in a service program for dropouts and out-of-school youth who has demonstrated outstanding teaching ability in the area of volunteer service.

(c) PRESIDENT'S SERVICE LEARNING TASK FORCE.—The President is authorized to create an interagency task force chaired either by the President or the Vice President, whose purpose shall be—

(1) the creation and monitoring of effective measures for coordinating the various parts of this Act; and

(2) design of a comprehensive Federal service strategy which shall include—

(A) review of existing programs to identify and expand opportunities for service, especially by students and out-of-school youth;

(B) designation of a senior official in each Federal agency who will be responsible for developing youth service opportunities in existing programs nationwide;

(C) establishment of service projects in each Federal agency;

(D) encouragement of participation of Federal employees in service projects;

(E) designation of a senior executive branch official or group of officials to coordinate the Federal service strategy;

(F) annual recognition of outstanding service programs operated by Federal agencies; and

(G) encouragement of businesses and professional firms to include community service among the factors considered in making hiring, compensation, and promotion decisions.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out the provisions of this section $1,000,000 for each of the fiscal years 1991, 1992, 1993, and 1994.

Subpart 6—General Provisions

SEC. 156. DEFINITIONS.

(a) IN GENERAL.—Except as otherwise provided, the terms used in this part shall have the meanings provided for such terms in section 1471 of the Elementary and Secondary Education Act of 1965.

(b) OTHER DEFINITIONS.—For purposes of this part the term "service-learning" means a method—

(1) under which students learn and develop through active participation in thoughtfully organized service experiences that meet actual community needs and that are coordinated in collaboration with the school and community;

(2) that is integrated into the students' academic curriculum and provides structured time for a student to think, talk, or write about what the student did and saw during the actual service activity;

(3) that provides students with opportunities to use newly acquired skills and knowledge in real-life situations in their own communities; and

(4) that enhances what is taught in school by extending student learning beyond the classroom and into the community and helps to foster the development of a sense of caring for others.

SEC. 157. LIMITATION.

(a) PROHIBITED USES.—No grant under this part shall be used to provide religious instruction, conduct worship services, or engage in any form of proselytization.

(b) PARTICIPANTS.—Participants and project staff funded under this part shall not give religious instruction, conduct worship services, or engage in any form of proselytization as part of their duties.

SEC. 158. APPLICATION OF GENERAL EDUCATION PROVISIONS ACT.

Except as otherwise provided, the General Education Provisions Act shall apply to the programs authorized by this part.

PART B—HIGHER EDUCATION COMMUNITY SERVICE

Subpart 1—Innovative Projects for Community Service

SEC. 161. STATEMENT OF PURPOSE.

It is the purpose of this part to support innovative projects to determine the feasibility of encouraging students to participate in community service activities while such students are attending institutions of higher education.

SEC. 162. INNOVATIVE PROJECTS FOR COMMUNITY SERVICE.

(a) GENERAL AUTHORITY.—The Secretary is authorized, in accordance with the provisions of this part, to make grants to, and contracts with, institutions of higher education (including combination of such institutions), and other public agencies and nonprofit organizations working in partnership with institutions of higher education—

(1) to enable the institution to create or expand community service activities for students attending that institution;

(2) to encourage student-initiated and student-designed community service projects; and

(3) to facilitate the integration of community service into academic curricula, so that students can obtain credit for their community service activities.

(b) TRAINING AUTHORITY.—The Secretary shall make grants to college and universities and other nonprofit organizations to provide for the training of teachers, related education personnel, and community leaders in the skills necessary to develop, supervise, and organize community service activities. Assistance under this section may be provided to individuals planning to undertake a career in teaching, as well as existing teachers. In awarding such grants, the Secretary shall take into consideration the particular needs of a community and the ability of the grantee to actively involve a major part of the community in, and substantially benefit the community by, the proposed community service activities.

(c) FEDERAL SHARE.—The Federal share of all grants under subsections (a) and (b) shall not exceed 50 percent of the cost of the community service activities.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subpart, $10,000,000 for fiscal year 1991 and such sums as may be necessary for each of the three succeeding fiscal years.

(e) INSTITUTION OF HIGHER EDUCATION DEFINED.—For purposes of this subpart, the term "institution of higher education" has the meaning given to such term in section 1201(a) of the Higher Education Act of 1965.

Subpart 2—Campus-Based Community Work Learning Jobs

SEC. 166. ADDITIONAL RESERVATION FOR CAMPUS-BASED COMMUNITY WORK LEARNING STUDY JOBS.

Section 415B(a) of the Higher Education Act of 1965 is amended by inserting the following new paragraph at the end thereof:

"(3)(A) In the event the appropriation for this subpart exceeds $75,000,000, the Secretary shall, notwithstanding the provisions of section 415C(b)(3)(A), allot 50 percent of such excess to the States for the purpose described in section 415C(b)(2)(B).

"(B) The Secretary shall make the allotment required under subparagraph (A) on the basis of the number of students participating in programs assisted under section 415C(b)(2) of this subpart in each State as compared to the total number of students participating in such jobs in all States.".

SEC. 167. WORK STUDY PROGRAMS.

Section 441(b) of the Higher Education Act of 1965 is amended—

(1) by striking "$656,000,000" and inserting "$675,000,000"; and

(2) by adding at the end thereof the following: "In the event that appropriations for this part exceed $625,000,000, such additional amounts shall be used in accordance with section 447. The Secretary shall allocate the additional amounts to institutions which demonstrate a capacity to use these funds in accordance with section 447.".

Subpart 3—Guaranteed Student Loans

SEC. 171. LOAN DEFERMENT FOR VOLUNTEER SERVICE AUTHORIZED.

(a) GSL PROGRAM.—Section 428(b)(1)(M) of the Higher Education Act of 1965 is amended—

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

(2) by striking the period at the end of clause (ix) and inserting a semicolon; and

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

"(xii) not in excess of 3 years during which the borrower is in service as a full-time volunteer in service comparable to the service referred to in clauses (iii) and (iv) for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986 and does not receive compensation at a rate in excess of the rate prescribed by section 6 of the Fair Labor Standards Act of 1938;".

(b) FISL PROGRAM.—Section 427(a)(2)(C) of the Higher Education Act of 1965 is amended—

(1) by striking "or" at the end of clause (x); and

(2) by adding at the end thereof the following new clause:

"(xii) not in excess of 3 years during which the borrower is in service as a full-time volunteer in service comparable to the service referred to in clauses (iii) and (iv) for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986 and does not receive compensation at a rate in excess of the rate prescribed by section 6 of the Fair Labor Standards Act of 1938;".

SEC. 172. LOAN DEFERMENT FOR SERVICE IN DRUG COUNSELING AND PREVENTION.

(a) DEFERMENT OF GUARANTEED STUDENT LOANS.—Section 428(b)(1)(M) of the Higher Education Act of 1965 (as amended by section 171 of this Act) is further amended by inserting after clause (xii) the following new clause:

"(xiii) not in excess of 3 years during which the borrower is employed full-time as a professional in drug counseling, prevention, intervention, treatment, or education by a public or nonprofit private agency or organization; and".

(b) INSURED STUDENT LOANS.—Section 427(a)(2)(C) of the Higher Education Act of 1965 (as amended by section 171 of this Act) is further amended by inserting after clause (xii) the following new clause:

"(xiii) not in excess of 3 years during which the borrower is employed full-time as a professional in drug counseling, prevention, intervention, treatment, or education by a public or nonprofit private agency or organization; and".

SEC. 173. LOAN DEFERMENT FOR VOLUNTEERS PROVIDING INDIAN HEALTH SERVICES.

(a) DEFERMENT OF GUARANTEED STUDENT LOANS.—Section 428(b)(1)(M) of the Higher Education Act of 1965 (as amended by sections 171 and 172 of this Act) is further amended by inserting after clause (xiii) the following new clause:

"(xiv) not in excess of 3 years during which the borrower is in service as a full-time volunteer providing health services to individuals who are eligible to receive services from the Secretary of the Interior under title I and section 4 of the Indian Self-Determination and Education Assistance Act of 1975 (Public Law 93-638);".

(b) INSURED STUDENT LOANS.—Section 427(a)(2)(C) of the Higher Education Act of 1965 (as amended by section 171 of this Act)

is further amended by inserting after clause (xiii) the following new clause:

"(xiv) not in excess of 3 years during which the borrower is in service as a full-time volunteer providing health services to individuals who are eligible to receive services from the Secretary of the Interior under title I and section 4 of the Indian Self-Determination and Education Assistance Act of 1975 (Public Law 93-638);".

SEC. 174. EFFECTIVE DATE.

The amendments made by this subpart shall apply only to loans made to cover the costs of instruction for periods of enrollment beginning on or after 30 days after the date of enactment of this Act to individuals who are new borrowers on that date.

Subpart 4—Direct Loans to Students in Institutions of Higher Education

SEC. 176. LOAN CANCELLATION AUTHORIZED.

(a) CANCELLATION FOR VOLUNTEER SERVICE.—

(1) QUALIFICATION FOR CANCELLATION.—Section 465(a)(2) of the Higher Education Act of 1965 is amended—

(A) by striking out "or" at the end of subparagraph (D);

(B) by striking the period at the end of subparagraph (E) and inserting a semicolon; and

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

"(F) as a full-time volunteer in service comparable to service referred to in subparagraph (E) for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986;"; and

(C) by adding at the end thereof the following new sentence: "An individual shall not be eligible as a volunteer under subparagraph (F) if such individual receives compensation for services at a rate in excess of the rate prescribed by section 6 of the Fair Labor Standards Act of 1938.".

(2) RATE OF CANCELLATION.—Section 465(a)(3)(A) of the Higher Education Act of 1965 is amended—

(A) by striking out "or" at the end of clause (iii);

(B) by striking the period at the end of clause (iv) and inserting a semicolon; and

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

"(v) in the case of service described in subparagraph (F) of paragraph (2) at the rate of 15 percent for the first or second year of such service and 20 percent of the third or fourth year of such service;".

(b) CANCELLATION FOR DRUG COUNSELING AND TREATMENT.—

(1) QUALIFICATION FOR CANCELLATION.—Section 465(a)(2) of the Higher Education Act of 1965 (as amended by subsection (a)) is further amended by inserting after subparagraph (F) the following new subparagraph:

"(G) as a full-time professional employee engaged in drug counseling, prevention, intervention, treatment, or education and employed by a public or nonprofit private agency or organization; or".

(2) RATE OF CANCELLATION.—Section 465(a)(3)(A) of the Higher Education Act of 1965 (as amended by subsection (a)) is further amended by inserting after clause (v) the following new clause:

"(vi) in the case of service described in subparagraph (F) of paragraph (2), at the rate of 15 percent for the first or second year of such service and 20 percent for the third or fourth year of such service; or".

(c) CANCELLATION FOR VOLUNTEERS PROVIDING INDIAN HEALTH SERVICES.—

(1) QUALIFICATION FOR CANCELLATION.—Section 465(a)(2) of the Higher Education Act of 1965 (as amended by subsections (a) and (b)) is further amended by inserting after subparagraph (G) the following new subparagraph:

"(H) as a full-time volunteer providing health services to individuals who are eligible to receive services from the Secretary of the Interior under title I and section 4 of the Indian Self-Determination and Education Assistance Act of 1975 (Public Law 93-638).".

(2) RATE OF CANCELLATION.—Section 465(a)(3)(A) of the Higher Education Act of 1965 (as amended by subsections (a) and (b)) is further amended by inserting after clause (vi) the following new clause:

"(vii) in the case of service described in subparagraph (H) of paragraph (2) at the rate of 15 percent for the first or second year of such service and 20 percent of the third or fourth year of such service.".

SEC. 177. LOAN DEFERMENT AUTHORIZED.

(a) VOLUNTEER SERVICES.—Section 464(c)(2)(A) of the Higher Education Act of 1965 is amended—

(1) by striking "or" at the end of clause (viii); and

(2) by adding at the end thereof the following new clause:

"(x) is in service as a full-time volunteer in service comparable to the service referred to in clauses (iii) and (iv) for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986 and does not receive compensation at a rate in excess of the rate prescribed by section 6 of the Fair Labor Standards Act of 1938;".

(b) DRUG COUNSELING AND TREATMENT.—Section 464(c)(2)(A) of such Act (as amended by subsection (a)) is further amended by inserting after clause (x) the following new clause:

"(xi) is employed full-time as a professional in drug counseling, prevention, intervention, treatment, or education by a public or nonprofit private agency or organization; or".

(c) VOLUNTEERS PROVIDING INDIAN HEALTH SERVICES.—Section 464(c)(2)(A) of such Act (as amended by subsections (a) and (b)) is further amended by inserting after clause (xi) the following new clause:

"(xii) is in service as a full-time volunteer providing health services to individuals who are eligible to receive services from the Secretary of the Interior under title I and section 4 of the Indian Self-Determination and Education Assistance Act of 1975 (Public Law 93-638).".

(d) DURATION OF DEFERMENTS.—The second sentence of section 464(c)(2)(A) of such Act is amended by striking "(v), or (vii)" and inserting "(v), (vii), (x), (xi), or (xii)".

SEC. 178. EFFECTIVE DATE.

The amendments made by sections 176 and 177 of this subpart shall apply only to loans made to cover the costs of instruction for periods of enrollment beginning on or after 30 days after the date of enactment of this part to individuals who are new borrowers on that date.

Subpart 5—Publication

SEC. 181. INFORMATION FOR STUDENTS.

Section 485(a)(1) of the Higher Education Act of 1965 (hereafter in this part referred to as the "Act") is amended—

(1) by striking out "and" at the end of subparagraph (J);

(2) by striking out the period at the end of subparagraph (K) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding at the end thereof the following:

"(L) the terms and conditions under which students receiving loans under part B or E of this title, or both, may—

"(i) obtain deferral of the repayment of the principal and interest for service under the Peace Corps Act or under the Domestic Volunteer Service Act of 1973, or for comparable full-time service as a volunteer for a tax-exempt organization, and

"(ii) obtain partial cancellation of the student loan for service under the Peace Corps Act or under the Domestic Volunteer Service Act of 1973, or for comparable full-time service as a volunteer for a tax-exempt organization.".

SEC. 182. EXIT COUNSELING FOR BORROWERS.

Section 485(b) of the Act is amended—

(1) by striking "and" at the end of paragraph (1);

(2) by striking the period at the end of paragraph (2) and inserting in lieu thereof a semicolon and "and"; and

(3) by adding the following new paragraph after paragraph (2):

"(3) the terms and conditions under which the student may obtain partial cancellation or defer repayment of the principal and interest for service under the Peace Corps Act or under the Domestic Volunteer Service Act of 1973 or for comparable full-time service as a volunteer for a tax-exempt organization.".

SEC. 183. DEPARTMENT INFORMATION ON DEFERMENTS AND CANCELLATIONS.

Section 485(d) of the Act is amended by inserting the following before the last full sentence: "The Secretary shall provide information on the specific terms and conditions under which students may obtain partial cancellation or defer repayment of loans for service under the Peace Corps Act and Domestic Volunteer Service Act of 1973 or for eligible comparable full-time service as a volunteer with a tax-exempt organization, and shall explicitly state that students may qualify for such partial cancellations or deferments when they serve as a paid employee of a tax-exempt organization.".

Subpart 6—Student Literacy Corps

SEC. 186. AMENDMENTS TO STUDENT LITERACY CORPS PROVISIONS.

(a) PRIORITY FOR SINGLE PARENTS OF DISADVANTAGED CHILDREN.—Section 144(b)(2)(D) of the Higher Education Act of 1965 is amended by inserting before the semicolon the following: "and will give priority in providing tutoring services to illiterate parents of educationally or economically disadvantaged elementary school students, with special emphasis on single-parent households".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 146 of the Higher Education Act of 1965 is amended to read as follows:

"SEC. 146. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $15,000,000 for fiscal year 1991 and such sums as may be necessary for each of the three succeeding fiscal years.".

Subpart 7—Student Tutorial Corps Initiative

SEC. 188. AMENDMENT.

Title I of the Higher Education Act of 1965 is further amended by adding at the end thereof the following new part:

"PART E—STUDENT TUTORIAL CORPS

"SEC. 151. PURPOSE.

"It is the purpose of this part to authorize a demonstration program to encourage col-

lege students to tutor disadvantaged students receiving services under chapter 1 of title I of the Elementary and Secondary Education Act of 1965 (hereinafter in this part referred to as 'chapter 1').

"SEC. 152. GRANTS AUTHORIZED.

"The Secretary is authorized to make demonstration grants in accordance with the purposes and requirements of this part to institutions of higher education submitting applications that meet the requirements of section 153, in order to assist such institutions to establish and conduct student tutorial programs that—

"(1) encourage students enrolled in that institution to provide tutoring to educationally disadvantaged students receiving services under chapter 1;

"(2) are conducted at the request, and with the direction, of personnel providing services under chapter 1, to assist them in the education of such children; and

"(3) that do not displace any of such personnel.

"SEC. 153. APPLICATION.

"To receive a grant under this part, an institution of higher education shall submit an application that—

"(1)(A) specifies that such students will be compensated at rates consistent with the rates paid under part C of title IV of this Act; or

"(B) specifies the rate at which the student will obtain academic credit for tutorial services; and

"(2) demonstrate the active interest of the local educational agency (for the students receiving services under chapter 1) in establishing the program; and

"(3) contain or be accompanied by such other information of assurances as the Secretary may require to carry out the purposes of this part.

"SEC. 154. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part, $10,000,000 for fiscal year 1991 and such sums as may be necessary for each of the three succeeding fiscal years.".

PART C—PEACE CORPS

SEC. 191. SHORT TITLE.

This part may be cited as the "Peace Corps Volunteer Education Demonstration Program Act".

SEC. 192. PROGRAM AUTHORIZED.

(a) GENERAL AUTHORITY.—The Director of the Peace Corps is authorized to carry out a training and educational benefits demonstration program in accordance with this part.

(b) CONTRACT AUTHORITY.—The Director is authorized, either directly or by way of grant, contract, or other arrangement, to carry out the provisions of this part. The authority to enter into contracts under this part shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriations Acts.

SEC. 193. ELIGIBILITY.

Any individual who—

(1) has completed at least 2 years of satisfactory study at an institution of higher education, is enrolled in an educational program of at least 4 years at an institution of higher education for which such institution awards a bachelor's degree, and will complete such program within 2 years,

(2) enters into an agreement with the Director to serve at least 3 years as a volunteer in the Peace Corps, and

(3) is selected pursuant to the competitive process established under section 194,

is eligible to participate in the demonstration program authorized by this part.

SEC. 194. SELECTION PROCEDURES.

The Director of the Peace Corps shall establish uniform criteria for the selection on a competitive basis of individuals to participate in the training program established under section 195 and to receive educational benefits under section 196. The selection procedures established under this section shall give special consideration to students from groups traditionally underrepresented in the Peace Corps and to students who will specialize in courses of instruction for which there is a special need in the Peace Corps.

SEC. 195. TRAINING PROGRAM.

The Director of the Peace Corps shall establish and carry out a training program under which each individual selected under section 194, as part of the course of study which the individual is pursuing at his or her institution of higher education, receives appropriate training for the work he or she will perform in the Peace Corps.

SEC. 196. EDUCATIONAL BENEFITS.

(a) BENEFITS PROVIDED.—Each individual who has been selected under section 194 shall be eligible to receive educational benefits in an amount not to exceed the costs of tuition, room and board, and books and fees, that the individual incurs in attending his or her institution of higher education during the remaining 2 years of the educational program in which the individual is enrolled.

(b) FORM OF BENEFITS.—The educational benefits provided to an individual under subsection (a) shall be in the form of grants, remissions of expenses, or such other form as the Director considers appropriate.

(c) REPAYMENT OF BENEFITS.—An individual provided benefits under subsection (a) shall repay the amount of the benefits so provided, plus interest—

(1) if the individual fails to complete his or her educational program within the 2-year period specified in section 193(1), or

(2) if the individual fails to serve 3 years as a volunteer in the Peace Corps upon completing his or her educational program.

The Director may waive the repayment requirement if exceptional circumstances, such as illness or death, prevent an individual from meeting such 2-year or 3-year requirement.

(d) COLLECTION BY SECRETARY OF EDUCATION.—The Secretary of Education shall have the authority to collect amounts owed by an individual under subsection (c). The Secretary may, for the purpose of collecting such amounts, exercise the authorities conferred on the Secretary by sections 467 and 468 of the Higher Education Act of 1965 (20 U.S.C. 1087gg and 1087hh) with respect to the collection of defaulted loans under part E of title IV of that Act. Amounts collected under this subsection shall be deposited in the general fund of the Treasury.

SEC. 197. EVALUATION AND REPORT.

The Director and the Secretary of Education shall jointly conduct an evaluation of the demonstration program authorized by this part and shall prepare and submit to the President and the Congress—

(1) not later than October 31, 1993, an interim report on such evaluation, and

(2) not later than October 31, 1995, a final report on such evaluation, together with such recommendations, including recommendations for legislation, as the Director and the Secretary consider appropriate.

SEC. 198. DEFINITIONS.

As used in this part—

(1) the term "Director" means the Director of the Peace Corps, and

(2) the term "institution of higher education" has the meaning given that term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

SEC. 199. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Peace Corps to carry out this part $2,000,000 for the fiscal year 1991 and such sums as may be necessary for each succeeding fiscal year ending before October 1, 1994. Amounts appropriated under this section are authorized to remain available until expended.

PART D—COMMUNITY ACTION AGENCIES

For purposes of this title and the amendments made by this title, the term "community-based organization" includes a community action agency.

The CHAIRMAN pro tempore. Are there amendments to title I?

AMENDMENT OFFERED BY MR. GOODLING

Mr. GOODLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GOODLING: On page 49, strike line 3 and all the follows through line 7 on page 52.

Redesignate sections accordingly.

Mr. GOODLING. Mr. Chairman, I offer this amendment for several reasons. One of them is that I think if we could pass this amendment the bill may be more palatable to the administration. But I offer it for other reasons. It strikes section 176, which provides for cancellation of loans held by persons working as full-time volunteers. I think that erodes the concept of voluntarism.

Mr. HAWKINS. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman.

Mr. HAWKINS. I thank the gentleman for yielding.

Mr. Chairman, if I may be forgiven, I would like to ask my distinguished friend: Do I understand the gentleman is presenting an amendment?

Mr. GOODLING. I am.

The Clerk read the amendment.

Mr. HAWKINS. Could we have a copy of the amendment? I apologize for the interruption, but we did not really know what was being discussed.

Mr. GOODLING. Mr. Chairman, my amendment would strike section 176, which provides for cancellation of loans held by persons working as full-time volunteers.

As I indicated, I do it for several reasons. No. 1, it would certainly make the bill much more palatable to the administration, I would think.

Second, it does have an unknown fiscal impact. I do not know what the cumulative effect will be. I do have a concern that if you take money from the Perkins loan revolving fund, and the student does not have to pay it back into that revolving fund, do we then, as a government, put the money

in that they did not get back because the student did not have to pay it back because it was forgiven? Or does it mean that the college and the university no longer has that revolving fund money?

I think it probably would be quite ineffective in enabling persons to engage in community service who otherwise would not be able to do so. In fact, I think that is what CBO said in their statement, and that is how they calculated the costs.

Mr. COLEMAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from Missouri.

Mr. COLEMAN of Missouri. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the gentleman's amendment. I believe true voluntarism is just that. Attempts by the committee to include loan cancellation and deferment of payment on Perkins loans is really a backdoor way of trying to provide some sort of enticement, monetarily and financially, to people we ought to be encouraging and who ought to have the intention of volunteering on its own merits and for the reasons that all of us hope that people do indeed volunteer for various not-for-profit purposes.

The gentleman is absolutely right when he says and raises questions about the cost of having this section included in the bill. There are no estimates on how loan cancellations there will be. We do not know what the effect would be on individual colleges and universities, because this is not the guaranteed student loan we are talking about. It is the Perkins campus-based loan, from which each school has a limited amount of funds to utilize for this program. The loan is paid back by the students to the institution again. The revolving fund is there on campus for future students as well.

If the student is a volunteer and has part of his loan forgiven, is that university shorted or do they come back to the U.S. Treasury and ask for additional appropriations? I believe, in all fairness, they would have to come back to the Treasury to ask for additional appropriations.

The real concern I have, as the ranking Republican on the Subcommittee on Postsecondary Education, on this section—and why I support the gentleman's amendment—this is not the only legislative vehicle coming along this year which has indicated an inclination to try to utilize loan forgiveness as an incentive. I think it is very wrong to cheapen, if you will, the exemptions already on the books that we have now for loan forgiveness and deferrals. Yes, we know of VISTA volunteers, we know Peace Corps volunteers have, and other parts of the military, and so forth, have these exemptions and loan forgiveness provisions. But just because we have a societal ill, is it necessary for us to attract people to deal with it by forgiving them on loans, be they Perkins or Stafford loans? Or what have you? I think not.

I think it is the wrong direction to go. I think we have gotten this section off of other bills that have come to the floor. My sense of it is that the Congress is recognizing if we are going to have a voluntarism bill, we ought to have a voluntarism bill, we ought not to try to back-door the payments, if you will, to people so they can come in and volunteer for nothing or volunteer at a minimum wage when in fact we are paying their college tuition costs. That is not right. That is not what the purpose of the voluntarism is for. It certainly does danger and damage. It sets dangerous precedents to increase the already expanding roles of the Higher Education Act where we have exempted, for many students, their needs to pay back.

At a time when the major student loan program in this country is undergoing severe stress, losing almost $2 billion a year due to lack of paybacks, we are sending the wrong message to other students, that we recognize they would not have to pay back their loans either, just go to work for a nonprofit organization at a minimum wage and you too will not have an obligation.

The CHAIRMAN pro tempore. The time of the gentleman from Pennsylvania [Mr. GOODLING] has expired.

(By unanimous consent, Mr. GOODLING was allowed to proceed for 1 additional minute.)

Mr. GOODLING. I too would like to say that when the omnibus education bill came before us, there were those who wanted to dabble with loan forgiveness, who wanted to dabble with the higher education bill. We convinced them we should not do these kinds of things until we have a complete rewrite of that legislation.

That comes next year in the higher education bill. And I would think that without careful consideration of what we are doing here, which we have not had time to do, we would postpone this until we do have reauthorization of the higher education bill.

Mr. WILLIAMS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am at somewhat of a loss to understand all of the emotion that is emanating from the other side about not only this bill but this simple provision, tried and true. In the past 25 years of congressional history, this simple provision to provide the loan cancellation, we do this now for members of the Peace Corps, the exact same provision applies to members of the Peace Corps.

□ 1350

We do it now for those Americans who will volunteer, help out a little bit here at home their fellow citizens through VISTA. Exact same provision. We are only now saying, "Let's extend it as part of these thousand points of light to other young Americans who would agree to take a job temporarily at or below the minimum wage, at or below the minimum wage to help out their fellow citizens in which I think can easily be said to be a voluntary capacity."

As my colleagues know, we have students who are graduating from the colleges and universities and proprietary schools in America who are well educated, highly skilled, and they have a debt because of their loans of maybe up to $20,000. So we have said to those students, "If you'll come and join the Peace Corps, you'll come and join VISTA, we'll give you a partial or full cancellation of part or all of that debt," and it has worked.

And now we are simply saying, as part of this program envisioned by the President, that some of these same students who are without financial means, but want to become one of these new blinking points of light, can have the same opportunity that their roommate has because he decided, or she decided, to go join Peace Corps. We are saying to the other person, "If you want to come and volunteer in service for America through this new national service legislation, you could have exactly the same loan cancellation as your roommate is getting by going to the Peace Corps, VISTA."

If we listen to our colleagues on the other side of the aisle, we would think this is a radical new proposal that is going to cost hundreds of millions of dollars. The people who have accounted this for us say it is going to cost so little we cannot score it. We do not know how much it is going to cost, but we think it is going to cost very little.

So, let us now throw out all of these what I personally believe to be artificial questions and artificial hurdles in order to burden the passage of this legislation.

This, by the way, would only be a model loan cancellation program. Students could only apply for it in 1991. We would sign on the contract with those students, and then it would expire. No students after that would be eligible for it unless my colleagues in this Chamber and the others decided to reinstitute it.

So, it is in the tried and true American tradition with regard to encouraging voluntarism. We do it for Peace Corps, we do it for VISTA, it works. Let us do it for those who want to become involved in national service as well.

Mr. PETRI. Mr. Chairman, I rise in support of the amendment of the gentleman from Pennsylvania [Mr. GOODLING], and I yield to its author.

Mr. GOODLING. Mr. Chairman, I just want to take a second to thank

again the gentleman from Montana [Mr. WILLIAMS] for making my point very eloquently. He indicated we piecemeal, we piecemeal, we piecemeal. No planning. We do not know which will be next. We just continue it. Maybe drug enforcement officers. Who knows? But again I thank him for making the point.

Mr. PETRI. Mr. Chairman, I would like to make two points in support of the amendment and against provisions of the bill providing for broadening existing student loan forgiveness provisions in the Federal law which currently cover people who are selected by the armed services who are in specialties that are needed. They are sometimes attracted to serve, at the option of the military, by being granted student loans forgiveness. The same applies to volunteers in VISTA or in the Peace Corps who are, again, enlisting in a Federal agency. They are sometimes qualified for student loan forgiveness in exchange for that service. But this bill broadens that to cover service in voluntary, nonprofit organizations across the United States that are not run by the Federal Government. They are not Federal agencies. They are not the armed services of the United States. They are not the Peace Corps. They are not VISTA.

It seems to me that we are opening up the potential for a great deal of abuse. Not to say it will occur, but these are not going to be Federal agencies. Eligibility for student loan forgiveness is going to be determined by the local YMCA director or someone else, whoever happens to be running the volunteer, nonprofit program at which the person puts in the hours.

I just think that we ought to think this through carefully. If we try to go in and supervise the non-Federal organization, and prevent the abuse, we will raise the costs so much and the paperwork requirements so much that it really will be counterproductive. If we do not supervise it, we may end up having a lot of abuse—they will put their kids, or get their neighbors' kids or cousins on the volunteer minimum wage payroll and have 20,000 to 30,000 dollars' worth of student loans forgiven, that it would cost them twice as much in earned income to repay.

So, I think it will come back to haunt us if we were to actually enact this bill.

Second, Mr. Chairman, this loan forgiveness approach goes in exactly the opposite direction than the IRS is currently pursuing. During this break I had occasion to meet in office hours, as many of us do, with many of my constituents. Several came in who had sons or daughters in college today who are given educational grants, and, believe it or not, if the grant, even if it is a small grant, is in excess of the educational component of the education, if the grant covers room and board in addition to tuition and books, the IRS is attempting to tax young people on the portion that they call personal benefit, room and board, and meanwhile we are going to be giving loan forgiveness. So, what we are saying to young people is, "Take out loans, don't get a grant, then go and volunteer and have it forgiven. If you get a grant or are qualified for a grant, we're going to tax you while you're in school." So, that is disjunction, or an imperfection, or an unfairness that I think really ought to be addressed and is not.

Final thing—and I think it is a big flaw here—is that there is an unstated assumption in this legislation that somehow working for the minimum wage or for nothing in voluntary, nonprofit organizations is providing something of value and is helping other people, whereas working in the real world of work, whether it is building someone's house as a carpenter, or making a car or working on cancer research at the National Cancer Foundation or for some drug company is not, and I think that is a very narrow definition of community service, and it is wrong, and why someone working as a cancer researcher at the National Cancer Institute will not have loan forgiveness even if they come up with a cure for cancer, and someone working as a drug counsellor should have their loan forgiven is beyond me. It is just almost mindless tinkering with the Tax Code, and I regret this bill was not referred to the Committee on Ways and Means. It should have been.

Mr. Chairman, we are talking large amounts of money when we get into student loan forgiveness if they do not have to pay Social Security tax, do not have to pay various other payroll taxes on the amount that is forgiven. They would pay this later if they earned the money and then use what is left to repay the loan, so I urge my colleagues to support the amendment, avoid this thicket and clean up this bill.

Mrs. LOWEY of New York. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I believe that the loan forgiveness provisions of the bill are needed and should be preserved. The opponents of the loan forgiveness provisions of the bill want to have it both ways, and I do not think we can. It is argued that it is not effective, and then it is argued that it will cost too much.

However, Mr. Chairman, the fact is that if it is not effective, then not many people will take advantage of it, and the costs will not be that high.

I agree that we need more information about the effectiveness of loan forgiveness programs. However, I do not believe that these concerns warrant the elimination of all loan forgiveness provisions in the bill. Instead I feel strongly that we should join together to get additional information about loan forgiveness and then to assess the effectivenes of these programs. If it turns out that the program are not effective or too costly, we will have plenty of opportunity in the future to revisit these issues.

My own support, strong support, for the loan forgiveness provision of the bill is based on discussions with organizations and individuals who are involved in various community service programs in my district. Without exception these individuals have expressed strong support for these provisions and have indicated that they believe loan forgiveness is an effective tool in encouraging people to enter community service programs. It may not be the whole answer, but they feel that it will be an effective tool.

I am particularly concerned about the importance of providing loan forgiveness and deferment to those who work, for example, in the drug treatment field. Everyone is aware that we are facing a crisis in drug treatment. There is a huge shortage of available treatment slots, Moreover, there is a severe shortage of qualified personnel and an enormous turnover rate. Drug treatment professionals are paid a pittance and are subject to severe stress on the job. The result is a turnover of more than 50 percent a year throughout the field. This means that we do not have the continuity that is needed for effective treatment of addicts, and our efforts to fight what we are calling an effective war on drugs are hampered as a result.

Let me read to my colleagues a letter from the National Association of Alcoholism and Drug Abuse Counselors which said, and I quote:

□ 1400

Alcoholism and drug abuse counselors are expected to put in long hours, be on call around the clock and throughout the week and to assist the rebuilding of human lives, for little recognition and compensation. We have seen a tremendous turnover in our profession, along with increased and acute shortages of adequately trained individuals. We need an incentive to recruit more, not fewer, individuals in the profession.

In addition, I received a letter from the director of the Renaissance project. This is an outstanding drug rehabilitation facility in my district. He said: "The system is put together with band aids and is carried on the backs of an underpaid work force." He has also indicated that additional incentives for the recruitment and retention of qualified personnel are urgently needed.

In addressing this issue, members of the committee should ask themselves the following question: "Is the problem of drugs and crime of sufficient importance in my community to justify providing an incentive to our stu-

dents to enter the field of drug treatment?"

I think the answer is a resounding "yes." Drugs and crime are destroying our communities, they are destroying our families and they are threatening the lives of innocent victims. Drug treatment is an effective method of ending the cycle of drug abuse, crime, and violence. But unless we have trained drug abuse treatment professionals, quality drug treatment programs will just remain a dream for many addicts who need help.

Let me also say a word about the cost of this program. CBO estimates the cost of this program to be negligible in the next several years and to rise to $5 million per year by 1988. In fact, the entire cost of all loan cancellations under the Perkins program was $22 million in fiscal year 1989.

The war against drugs in this Nation is urgent enough that we must take firm steps to get that battle won on all fronts. Drug treatment is one of the fronts that cannot be ignored, and the provisions before us today will help make quality drug treatment a reality around the Nation.

We have an opportunity now to assist in this all-important battle by rejecting this amendment and retaining these very important provisions for loan forgiveness.

Mr. HOYER. Mr Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to the amendment and in very, very strong support of the bill.

I will be brief. I think the gentleman from Wisconsin [Mr. PETRI] made some points that are good. On the other hand, as I was listening to him with respect to loan forgiveness in the Peace Corps and VISTA but not in the private sector, I recalled that President Reagan urged and I very strongly supported the increase in voluntarism and public service. Not necessarily through a Government program but through the private programs such as the Boys' and Girls' Clubs, such as the chamber of commerce, the Kiwanis Clubs, the Lions Clubs, volunteer fire departments, and other organizations in our communities that do such good work.

I understand the gentleman's point, but as the chairman of the committee and the distinguished gentlewoman from New York [Mrs. LOWEY] just reiterated, this is an encouragement. This is an encouragement for the private sector and a way we can involve people in very meaningful ways of the welfare of our communities yet have some incentive to encourage people in that end.

Mr. Chairman, one of the reasons I am so strongly in favor of this bill is that I think it is very important for America if we are going to reinvigorate our society, if we are going to bring young people out of the drug markets and into the public service markets, and if we are going to rekindle that spirit that John Kennedy kindled in America when he urged young people to bring their energy and their enthusiasm and their idealism into public service then we need national service. It was this kind of legislation that I think he had in mind. And I also think that this is the concept that President Reagan had in mind, and so many others have had in mind. We have seen in the last decade particularly in the latter part of the 1970's, a continuing focus on "me," a continuing focus on asking, "How is my life going to be better? How am I going to make more money?"

Quite frankly, I am in that crowd as well. I want everybody to know I am a very big fan of bettering one's self and being paid what one is worth. So I do not criticize any young person for wanting to maximize their income, maximize their ability to create for themselves and their families and provide good houses and a good standard of living. When John Kennedy said, "Ask not what your country can do for you but what you can do for your country," he was speaking to the very essence of what has made this country great.

This National Service Act of 1990 speaks to that objective. I frankly believe, as I am sure the chairman of the committee does, that perhaps there are other things we could do, but this is certainly a significant and an important step in this country, saying these things once again to young people, as we did when we adopted the Peace Corps. "Get involved in reaching out to peoples around the world," and as we did in 1965 when we adopted VISTA and said to young people, middle-aged and senior citizens, "Get involved and help your neighbors."

This is another way, another step, a timely step of saying, "Get involved. Help your neighbor, build your community, make America what we want it to be, the greatest Nation on the face of the Earth, a nation that cares about our communities."

I think we are going to win this drug war. We are not going to win it with all the rhetoric we hear on this floor, and we are not going to win it with all the billions of dollars that we appropriate. Those things may be important, but we are going to win it in the communities.

In one of my communities we have the Glen Arden apartments, and they have reclaimed those apartments because about 10 or 15 tenants every night are on the street, walking the sidewalks and walking the streets and saying, "Drug users, drug possessors, drug sellers are not welcome in our community."

Mr. Chairman, this bill says to our young people in particular, "Get involved." It is an important piece of legislation, it is a strong piece of legislation. I strongly support it, and I oppose the amendment.

Mr. Chairman, I rise today in very strong support of H.R. 4330, the National Service Act of 1990. I would like to thank and commend the chairman and ranking member of the Education and Labor Committee, Mr. HAWKINS and Mr. GOODLING for expeditiously bringing this important legislation to the floor.

I have been in support of national service programs for many years. I have long understood and recognized the value and benefit to the youth and older Americans who are given an opportunity they may not otherwise have, to perform community service and be compensated monetarily, educationally, and emotionally.

The National Service Act of 1990 is a comprehensive program which incorporates several areas of national service. It creates the Youth Service Corps which provides service in Government agencies, day care centers, nursing homes, and other nonprofit agencies with a need for service oriented skills.

The National Service Act would also create the American Conservation Corps. This Corps would perform services in the areas of park and recreational area improvement and urban revitalization. I am pleased to have recently had the opportunity to meet members of a conservation corps in my own State of Maryland.

These young people provide a full range of conservation services to the community and nonprofit organizations such as building bridges. In return, the corps members are paid an hourly wage, taught job skills, and are given a cash bonus or voucher to be used for higher education after completion of the program. I am very proud of the accomplishments that these corps members have made and I would like to see national and community service programs established throughout the country.

Mr. Chairman, the National Service is a program whose time has come. The most important aspect of National Service is that it encourages Americans to serve their country and their fellow man which leads to greater civic consciousness and personal responsibility.

It is for these reasons that I wholeheartedly support the National Service Act of 1990 and urge all of my colleagues to join with me in supporting this much needed legislation.

Mr. MCMILLEN of Maryland. Mr. Chairman, I rise today in strong support of the National Service Act, of which I am a cosponsor.

The National Service Act will renew vigor in this Nation's volunteer efforts. This bill will promote school and college-based community service programs and establish an American Conservation Corps and Youth Service Corps.

Many people may not be aware that Maryland has been a leader in school-based community service. Maryland is the only State with a State board of education that, by law, requires local school systems to provide opportunities for students to earn academic credits by performing community service. I have seen the success of this program in my home State. In the past semester over 1,500 Maryland public school students earned credit

toward graduation by performing community service in activities as varied as helping to feed the homeless in soup kitchens and assisting to clean up the Chesapeake Bay.

Having had the opportunity to see the impact of school-based community service in Maryland, I am confident and enthusiastic about the potential for similar programs nationwide.

What I find especially positive about the National Service Act is that, in addition to addressing problems in given communities in an innovative manner, it also educates students through experience. How better to instill a sense of citizenship in America's youth than by directly involving them in their own communities?

Students learn that their individual efforts can make a difference in the real world. They also learn to value their own abilities and gain a new appreciation for the efforts of others.

Some of my colleagues have expressed concern over the financial aspects of this bill. They are concerned that it will not be cost efficient. I believe that nothing could be further from the truth. The money that is going into implementing this initiative is merely seed money. By providing funds for this program today, I believe we can anticipate savings in many other programs tomorrow. If this program does nothing else than help cleanup our environment then this will be money well spent. If it does nothing but encourage students to lend their time to feeding the hungry; then it has been money well spent. If this accomplishes no other task than to encourage students to volunteer as tutors, teaching english, reading and writing, I ask you, isn't that money well spent?

It is true that there is no absolute means for determining the value that will come out of this legislation. No one knows for sure how many new volunteers this bill will attract. But, from what I have seen in Maryland, I think this bill is a pretty good bet.

The bill that is before us today will not solve complex problems, such as homelessness or environmental pollution. The need for coordinated Federal action will still exist. However, it will help to activate grassroots support for national programs designed to tackle these problems. It will also help to create a generation of conscientious, active citizens.

I urge all of my colleagues to support this measure. It is an idea that deserves a chance to show its worth and I am fully behind it.

Mr. CONTE. Mr. Chairman, I rise to express my strong support for the National Service Act of 1990, H.R. 4330.

When the conference report was discussed early Thursday afternoon I was out at Andrews Air Force Base trying to get a budget agreement at the summit. Even though other responsibilities prevented me from speaking on behalf of the act I still wanted to voice my support.

H.R. 4330 blazes a new trail by stimulating civic mindedness via the act's two components: School and college-based community service programs and the American Conservation and Youth Service Corps. All these programs help fill a void in the plethora of Federal programs and fosters service and volunteerism throughout the land. It is a shot-in-the-arm for everyone who understands the importance of providing youngsters with opportunities to experience the joy of serving humankind and improving our world by giving of time, sweat and talents.

I am really excited about the American Conservation [ACC] and Youth Service Corps component [YSC] of this act because I have long championed the cause of resurrecting the Civil Conservation Corps, a successful service program of an earlier era. I believe we cannot go wrong by harnassing youthful energy to improve our environment, conserve our resources, and serve humankind.

And that is what ACC does, providing opportunities for youth to rehabilitate wildlife habitats and preserve historical sites. Thus providing valuable training for our youth, preserving our culture, and improving the world in which we live.

Another program, placed under the direction of ACTION, is the Youth Service Corps which will undertake projects that meet unmet social needs by working through Government agencies, nursing homes, day care centers, and other nonprofit organizations.

In the school-based component several terrific programs will be started. Grants will be made to States to implement innovative service oriented learning programs with up to $35 million provided for this purpose and 80 percent of that amount going to the localities.

Another program called Youthbuild will be started with grants from ACTION. The $10 million for Youthbuild will help disadvantaged youth construct or rehabilitate low-income housing. Additional funds in this component will go to numerous Federal Volunteer Service projects including rural youth demonstrations, nonschool based voluntary service projects, special service-learning projects, projects for out-of-school youth, and the foster grandparent program in Head Start.

In the post-secondary arena up to $25 million in grants will be available to post-secondary institutions for the creation or expansion of service related activities for students. Priority will be given to proposals for expanding the Student Literacy Corps and for demonstrating the Student Tutorial Corps.

Under the act the Peace Corps will carry out a training and education benefits program for which participants will repay the Peace Corps with 3 years of service.

I am delighted this act passed because it strengthens the Nation by investing in people who in turn will invest in people. My appreciation goes out to everyone who worked to develop and secure passage of this act.

Mr. OWENS of Utah, Mr. Speaker, every day on this floor, Americans from every corner of our Nation discuss and debate the great ills facing our society. Crime, substance abuse, homelessness, economic destitution, illiteracy. Today, Congress has an opportunity to address all these concerns in a substantive and progressive way. Some call it preventive maintenance, but I prefer to call it common sense.

I am referring to the National Services Act, a bill that promotes community service at all school levels, and establishes youth service programs. As legislators, we should resist looking upon the notion of voluntarism as just a way of providing services to our communities, but as an avenue through which the volunteer can become a productive participant in our society. That's the motivation behind this bill and it is sound.

H.R. 4330 will provide funding, with language for matching funds from State and local government, to create youth corps around the country. The work performed by these young men and women, most of whom have poor educations and few work skills, will have wide-ranging impact. What communities nationwide will receive are low-cost, quality services in the form of housing rehabilitation, day-care help, tutoring of young children and conservation maintenance of parks and highways. Our disadvantaged and disenfranchised youth will get hands-on experience that will lead to real job skills, no wages but in some cases small stipends to help make ends meet, and opportunity to receive their GED's or college scholarships. And as importantly, they will receive an understanding of how their lives can have a significant effect on the people around them, an education they could never receive in a classroom.

What our society as a whole gets is something less tangible, but more substantive. Instead of embittered, unemployed, and unemployable youths, our cities, towns, and county's get productive, useful, caring citizens. Instead of drug usage and delinquent activities, the recourse for many who feel shunted from the mainstream, we will have willing and enthusiastic participants in our businesses, schools, and churches and the foundation of a competitive, global economy to take us into the next century.

It is not an overnight process. We will not wake up tomorrow from passing this bill and see the change. But like the violent crime, school dropout, and drug problems, that develop over a number of years, it's a gradual process. However, it will happen if we give ideas like H.R. 4330 a chance.

For those in school, the National Service Act will expand their education in ways not possible without impetus from the Federal Government. Instead of just attending social studies classes, students could set up voter registration drives. Instead of attending science classes, kids could help the Red Cross in setting up blood drives. There are many applications, and all of them positive, because they reinforce that what our children learn in the classrooms is not all boring theory out of textbooks, but can have real and exciting implications in their daily lives. This is enriching and the full measure of what education is all about.

For some schools, these are extra-curricular activities, but I would like to see these programs become part of the curriculum. For educators and parents who are worried about providing basic reading and writing skills for students, I think youth service programs reinforce those skills, and will make our kids realize the value of having a solid foundation in the basic education fundamentals. It will teach kids how to learn, something they will need the rest of their lives, as jobs change and become obsolete.

It is the hope for many supporters of H.R. 4330, that the Federal Government will provide the impetus for State legislatures to create programs within their jurisdiction. A number of States already have programs, and

many more have legislation that would establish youth corps. Among them, I am pleased to note, is Utah, which this past session passed a measure to create a Youth Conservation Corps. This new youth corps program will assist Utah in maintaining its highways, hiking trails and rural areas.

America's business and civic leaders have already recognized that there are plenty of high skill positions available in our current job market, but there are not enough students who have received the education and job skills training needed to take on those jobs. More and more, corporate America is willing to make an investment in its future. Congress should too.

The funding level this legislation authorizes is $180 million, not a significant sum to ask for with regard to the future of thousands of young Americans. And as I mentioned before, this legislation will act as motivation for States and localities to create youth services programs that one day they will have the principle responsibility in funding.

In closing, let me once again encourage your support for the National Services Act, legislation that I believe will have beneficial ramifications we have not even envisioned yet.

The CHAIRMAN pro tempore (Mr. MONTGOMERY). The question is on the amendment offered by the gentleman from Pennsylvania [Mr. GOODLING].

The question was taken; and on a division (demanded by Mr. HAWKINS) there were—ayes 10, noes 6.

Mr. HAWKINS. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. Evidently a quorum is not present. Pursuant to the provisions of clause 2 of rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 329]

ANSWERED "PRESENT"—406

Ackerman	Bilbray	Callahan
Alexander	Bilirakis	Campbell (CA)
Anderson	Bliley	Campbell (CO)
Andrews	Boehlert	Cardin
Annunzio	Boggs	Carper
Anthony	Bonior	Carr
Applegate	Borski	Chandler
Armey	Bosco	Chapman
Aspin	Boucher	Clarke
Atkins	Brennan	Clay
Baker	Brooks	Clement
Ballenger	Broomfield	Clinger
Bartlett	Browder	Coble
Barton	Brown (CA)	Coleman (MO)
Bateman	Brown (CO)	Coleman (TX)
Bates	Bruce	Collins
Beilenson	Bryant	Combest
Bennett	Buechner	Condit
Bentley	Bunning	Conyers
Bereuter	Burton	Cooper
Berman	Bustamante	Costello
Bevill	Byron	Coughlin
Courter	Hughes	Nowak
Cox	Hunter	Oakar
Coyne	Hutto	Oberstar
Craig	Hyde	Obey
Crane	Inhofe	Olin
Crockett	Ireland	Ortiz
Dannemeyer	Jacobs	Owens (NY)
Darden	James	Owens (UT)
Davis	Jenkins	Oxley
de la Garza	Johnson (CT)	Packard
DeLay	Johnson (SD)	Pallone
Dellums	Johnston	Parker
Derrick	Jones (GA)	Parris
DeWine	Jones (NC)	Pashayan
Dickinson	Jontz	Paxon
Dicks	Kanjorski	Payne (NJ)
Dingell	Kaptur	Payne (VA)
Dixon	Kasich	Pease
Donnelly	Kastenmeier	Pelosi
Dorgan (ND)	Kennedy	Penny
Dornan (CA)	Kennelly	Perkins
Douglas	Kildee	Petri
Downey	Kleczka	Pickett
Dreier	Kolbe	Pickle
Duncan	Kolter	Porter
Durbin	Kostmayer	Poshard
Dwyer	Kyl	Price
Dymally	LaFalce	Pursell
Dyson	Lagomarsino	Quillen
Early	Lancaster	Rahall
Eckart	Lantos	Rangel
Edwards (CA)	Laughlin	Ravenel
Edwards (OK)	Leach (IA)	Ray
Emerson	Leath (TX)	Regula
Engel	Lehman (CA)	Rhodes
English	Lehman (FL)	Richardson
Erdreich	Lent	Ridge
Espy	Levin (MI)	Rinaldo
Evans	Levine (CA)	Ritter
Fascell	Lewis (CA)	Roberts
Fazio	Lewis (FL)	Robinson
Feighan	Lewis (GA)	Roe
Fields	Lightfoot	Rogers
Fish	Lipinski	Rohrabacher
Flake	Livingston	Ros-Lehtinen
Flippo	Lloyd	Rose
Foglietta	Long	Roth
Ford (TN)	Lowery (CA)	Roukema
Frost	Lowey (NY)	Rowland (CT)
Gallegly	Luken, Thomas	Rowland (GA)
Gallo	Lukens, Donald	Roybal
Gaydos	Machtley	Russo
Gejdenson	Madigan	Sabo
Gekas	Manton	Saiki
Geren	Markey	Sangmeister
Gibbons	Marlenee	Sarpalius
Gillmor	Martin (NY)	Savage
Gilman	Martinez	Sawyer
Glickman	Matsui	Saxton
Gonzalez	Mavroules	Schaefer
Goodling	Mazzoli	Scheuer
Gordon	McCandless	Schiff
Goss	McCloskey	Schneider
Gradison	McCollum	Schroeder
Grandy	McCrery	Schuette
Grant	McCurdy	Schulze
Gray	McDade	Schumer
Green	McDermott	Sensenbrenner
Guarini	McEwen	Serrano
Gunderson	McGrath	Sharp
Hall (OH)	McHugh	Shaw
Hall (TX)	McMillan (NC)	Shays
Hamilton	McMillen (MD)	Shumway
Hammerschmidt	McNulty	Shuster
Hancock	Meyers	Sikorski
Hansen	Mfume	Sisisky
Harris	Miller (CA)	Skaggs
Hastert	Miller (WA)	Skeen
Hatcher	Mineta	Skelton
Hawkins	Moakley	Slattery
Hayes (IL)	Molinari	Slaughter (NY)
Hayes (LA)	Mollohan	Slaughter (VA)
Hefley	Montgomery	Smith (FL)
Hefner	Moody	Smith (IA)
Henry	Moorhead	Smith (NE)
Herger	Morella	Smith (NJ)
Hertel	Morrison (WA)	Smith (TX)
Hiler	Mrazek	Smith (VT)
Hoagland	Murphy	Smith, Robert (NH)
Hochbrueckner	Murtha	Smith, Robert (OR)
Holloway	Myers	Snowe
Hopkins	Natcher	Solarz
Horton	Neal (MA)	Solomon
Houghton	Neal (NC)	Spence
Hoyer	Nelson	Spratt
Hubbard	Nielson	Staggers
		Stallings
		Stangeland
		Stark
		Stearns
		Stenholm
		Stokes
		Studds
		Stump
		Sundquist
		Swift
		Synar
		Tallon
		Tanner
		Tauke
		Tauzin
		Taylor
		Thomas (CA)
		Thomas (GA)
		Thomas (WY)
		Torres
		Torricelli
		Towns
		Traficant
		Traxler
		Unsoeld
		Upton
		Valentine
		Vander Jagt
		Vento
		Visclosky
		Volkmer
		Vucanovich
		Walgren
		Walker
		Walsh
		Waxman
		Weber
		Weiss
		Weldon
		Wheat
		Whittaker
		Williams
		Wilson
		Wise
		Wolf
		Wolpe
		Wyden
		Wylie
		Yates
		Yatron
		Young (AK)
		Young (FL)

□ 1429

The CHAIRMAN pro tempore (Mr. MONTGOMERY). Four hundred and six Members have answered to their names, a quorum is present, and the committee will resume its business.

(By unanimous consent, Mr. WALKER was allowed to speak out of order.)

LEGISLATIVE PROGRAM

Mr. WALKER. Mr. Chairman, I ask to proceed out of order for 1 minute to inquire of the gentleman from Maryland [Mr. HOYER] the nature of the schedule for tomorrow.

Mr. Chairman, I yield to the gentleman from Maryland [Mr. HOYER] for the purpose of telling the membership what the schedule for tomorrow may be.

PARLIAMENTARY INQUIRY

Mr. HOYER. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state his parliamentary inquiry.

Mr. HOYER. Mr. Chairman, before I proceed, may I raise the point that I understand that we had a quorum call, and that there was a pending 5-minute vote. I do not want to preclude that vote being taken.

The CHAIRMAN pro tempore. The Chair will recognize the gentleman. It will be brief, and the Chair will then move right ahead on the demand for a recorded vote.

Mr. HOYER. Mr. Chairman, I rise, and I thank the gentleman from Pennsylvania for yielding, to inform the House that the schedule previously announced has been modified. There will be a pro forma session only tomorrow. There will be no votes tomorrow.

The purpose of that, as all of us, I am sure, will understand, is to provide the best possible opportunity and time for the summiteers to reach conclusion as they labor in Prince Georges County, MD, at Andrews Air Force Base, thank you.

There will be two additional items on the schedule for the balance of the evening, but I think we expect to be able to get out of here by 6 o'clock.

We wanted to bring this to the attention of the Members early enough so that they could make arrangements for tomorrow, because it is a change in the schedule.

We will be meeting on Monday. There will be suspensions. We will go back to the defense bill. We expect to finish the defense bill on Monday, so expect a very late session or early morning session on Monday. We expect to finish the defense bill on Monday. There will, however, be no votes prior to 3 o'clock.

It may be a little later than that, but Members are held harmless, and there is agreement on both sides that there will be no votes before 3 o'clock.

So the balance of the day will be two additional pieces of legislation after this bill is completed, but no session on Friday.

Mr. WALKER. Mr. Chairman, I thank the gentleman.

RECORDED VOTE

The CHAIRMAN pro tempore. The pending business is the demand of the gentleman from California [Mr. HAWKINS] for a recorded vote. Five minutes will be allowed for the vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 200, noes 212, not voting 20, as follows:

[Roll No. 330]

AYES—200

Archer	Goodling	McGrath
Armey	Goss	McMillan (NC)
Baker	Gradison	Meyers
Ballenger	Grandy	Miller (WA)
Bartlett	Grant	Molinari
Barton	Green	Moorhead
Bateman	Guarini	Morrison (WA)
Bennett	Gunderson	Myers
Bentley	Hall (TX)	Neal (NC)
Bereuter	Hammerschmidt	Nelson
Bilirakis	Hancock	Nielson
Bliley	Hansen	Olin
Boehlert	Hastert	Oxley
Borski	Hayes (LA)	Packard
Broomfield	Hefley	Pallone
Brown (CO)	Henry	Parker
Buechner	Herger	Parris
Bunning	Hiler	Pashayan
Burton	Hoagland	Paxon
Byron	Holloway	Petri
Callahan	Hopkins	Pickett
Campbell (CA)	Horton	Porter
Chandler	Houghton	Pursell
Clinger	Hubbard	Ravenel
Coble	Hughes	Regula
Coleman (MO)	Hunter	Rhodes
Combest	Hutto	Ridge
Condit	Hyde	Rinaldo
Cooper	Inhofe	Ritter
Coughlin	Ireland	Roberts
Courter	James	Robinson
Cox	Johnson (CT)	Rogers
Craig	Johnston	Rohrabacher
Crane	Kasich	Ros-Lehtinen
Dannemeyer	Kolbe	Roth
Davis	Kyl	Roukema
DeLay	Lagomarsino	Rowland (CT)
DeWine	Laughlin	Saiki
Dickinson	Leach (IA)	Sarpalius
Dornan (CA)	Lent	Saxton
Douglas	Lewis (CA)	Schaefer
Dreier	Lewis (FL)	Schiff
Duncan	Lightfoot	Schneider
Edwards (OK)	Livingston	Schuette
Emerson	Lowery (CA)	Schulze
Fawell	Lukens, Donald	Sensenbrenner
Fields	Machtley	Shaw
Fish	Madigan	Shays
Ford (TN)	Marlenee	Shumway
Gallegly	Martin (NY)	Shuster
Gallo	McCandless	Sisisky
Gekas	McCollum	Skeen
Geren	McCrery	Skelton
Gillmor	McDade	Slaughter (VA)
Glickman	McEwen	Smith (NE)
Smith (NJ)	Stenholm	Vucanovich
Smith (TX)	Stump	Walker
Smith (VT)	Sundquist	Walsh
Smith, Robert (NH)	Synar	Weber
	Tallon	Weldon
Smith, Robert (OR)	Tauke	Whittaker
	Tauzin	Wilson
Snowe	Taylor	Wolf
Solomon	Thomas (CA)	Wylie
Spence	Thomas (WY)	Young (AK)
Stallings	Upton	Young (FL)
Stangeland	Valentine	
Stearns	Vander Jagt	

NOES—212

Ackerman	Frost	Neal (MA)
Alexander	Gaydos	Nowak
Anderson	Gejdenson	Oakar
Andrews	Gibbons	Oberstar
Annunzio	Gonzalez	Obey
Anthony	Gordon	Ortiz
Applegate	Gray	Owens (NY)
Aspin	Hall (OH)	Owens (UT)
Atkins	Hamilton	Payne (NJ)
Barnard	Harris	Payne (VA)
Bates	Hatcher	Pease
Beilenson	Hawkins	Pelosi
Berman	Hayes (IL)	Penny
Bevill	Hefner	Perkins
Bilbray	Hertel	Pickle
Boggs	Hochbrueckner	Poshard
Bonior	Hoyer	Price
Bosco	Jacobs	Quillen
Boucher	Jenkins	Rahall
Brennan	Johnson (SD)	Rangel
Brooks	Jones (GA)	Ray
Browder	Jones (NC)	Richardson
Brown (CA)	Jontz	Roe
Bruce	Kanjorski	Rose
Bryant	Kaptur	Rowland (GA)
Bustamante	Kastenmeier	Russo
Campbell (CO)	Kennedy	Sabo
Cardin	Kennelly	Sangmeister
Carper	Kildee	Savage
Carr	Kleczka	Sawyer
Chapman	Kolter	Scheuer
Clarke	Kostmayer	Schroeder
Clay	LaFalce	Schumer
Clement	Lancaster	Serrano
Coleman (TX)	Lantos	Sharp
Collins	Leath (TX)	Sikorski
Conte	Lehman (CA)	Skaggs
Conyers	Lehman (FL)	Slattery
Costello	Levin (MI)	Slaughter (NY)
Coyne	Levine (CA)	Smith (FL)
Crockett	Lewis (GA)	Smith (IA)
Darden	Lipinski	Solarz
de la Garza	Lloyd	Spratt
Dellums	Long	Staggers
Derrick	Lowey (NY)	Stark
Dicks	Luken, Thomas	Stokes
Dingell	Manton	Studds
Dixon	Markey	Swift
Donnelly	Martinez	Tanner
Dorgan (ND)	Matsui	Thomas (GA)
Downey	Mavroules	Torres
Durbin	Mazzoli	Torricelli
Dwyer	McCloskey	Towns
Dymally	McCurdy	Traficant
Dyson	McDermott	Traxler
Early	McHugh	Udall
Eckart	McMillen (MD)	Unsoeld
Edwards (CA)	McNulty	Vento
Engel	Mfume	Visclosky
English	Miller (CA)	Volkmer
Erdreich	Mineta	Walgren
Espy	Moakley	Waxman
Evans	Mollohan	Weiss
Fascell	Montgomery	Wheat
Fazio	Moody	Williams
Feighan	Morella	Wise
Flake	Mrazek	Wolpe
Flippo	Murphy	Wyden
Foglietta	Murtha	Yates
Ford (MI)	Nagle	Yatron
Frank	Natcher	

NOT VOTING—20

AuCoin	Huckaby	Rostenkowski
Boxer	Martin (IL)	Roybal
DeFazio	Michel	Smith, Denny (OR)
Frenzel	Miller (OH)	
Gephardt	Morrison (CT)	Washington
Gilman	Panetta	Watkins
Gingrich	Patterson	Whitten

□ 1444

Messrs. WALGREN, BATES, and UDALL changed their vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. PORTER

Mr. PORTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PORTER: Page 34, after line 13, insert the following new subsection (and redesignate subsequent subsections accordingly):

(e) PROTECTION FROM TORT LIABILITY.—

(1) REQUIREMENTS.—For fiscal year 1993 and subsequent fiscal years, the Director may not make a grant under subsection (a) unless the State involved provides assurances satisfactory to the Director that the State provides by law as follows:

(A) That, except as provided in subparagraph (B) and paragraph (2), a volunteer of a nonprofit organization or governmental entity does not incur any personal financial liability for any tort claim alleging damage or injury from any act or omission of the volunteer on behalf of the organization or entity if—

(i) such individual was acting in good faith and within the scope of such individual's official functions and duties with the organization or entity; and

(ii) Such damage or injury was not caused by willful and wanton misconduct by such individual.

(B) That the law described in subparagraph (A) may not be construed to affect any civil action brought by any nonprofit organization or any governmental entity against any volunteer of such organization or entity.

(C) That the law described in subparagraph (A) may not be construed to affect the liability of any nonprofit organization or governmental entity with respect to injury caused by any person.

(2) CONSIDERATION BY STATES OF AUTHORITY REGARDING LIMITATIONS ON PROTECTION.—For fiscal year 1993 and subsequent fiscal years, the Director may not make a grant under subsection (a) unless the State involved provides assurances satisfactory to the Director that, with respect to protection from liability, the State has adequately addressed whether the conditions and exceptions described in paragraph (3) should apply in the State.

(3) AUTHORIZED LIMITATIONS ON PROTECTION.—For purposes of paragraph (1), a State may impose one or more of the following conditions on and exceptions to the protection from liability provided by the law described in paragraph (1)(A):

(A) That the organization or entity must adhere to risk management procedures, including mandatory training of volunteers.

(B) That the organization or entity is liable for the acts or omissions of its volunteers to the same extent as an employer is liable, under the laws of that State, for the acts or omissions of its employees.

(C) That the protection from liability provided by the law described in paragraph (1)(A) does not apply if the volunteer was operating a motor vehicle or was operating a vessel, aircraft, or other vehicle for which a pilot's license is required.

(D) That the protection from liability provided by the law described in paragraph

(1)(A) does not apply in the case of a suit brought by an appropriate officer of a State or local government to enforce a Federal, State, or local law.

(E)(i) That the protection from liability provided by the law described in paragraph (1)(A) applies only if the organization or entity provides a financially secure source of recovery for individuals who suffer injury as a result of actions taken by a volunteer on behalf of the organization or entity.

(ii) For purposes of clause (i)—

(I) a financially secure source of recovery may be an insurance policy within specified limits, comparable coverage from a risk pooling mechanism, equivalent assets, or alternative arrangements that satisfy the State that the entity will be able to pay for losses up to a specified amount; and

(II) separate standards for different types of liability exposure may be specified.

Mr. PORTER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

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

There was no objection.

Mr. PORTER. Mr. Chairman, the amendment that I have offered addresses a serious problem in America, and that is the increasing unwillingness of volunteers to come forward and offer their services in the many ways that volunteers do in America today.

The amendment I am offering would take effect 2 years after the underlying legislation takes effect and would not allow the director to make a grant under subsection (a) unless the State involved provides assurances satisfactory to the Director that the State provides by its law that volunteers are immune from general negligence liability, and that the burden of negligent injury would fall directly upon the service organization and not upon the individual volunteer.

Mr. Chairman, this amendment is consistent with legislation that I have offered in this Congress and in the previous Congress, H.R. 911, the Volunteer Protection Act, that had in the previous Congress 254 cosponsors, and in this Congress 220 cosponsors, over half the House of Representatives, on a broad bipartisan basis. The act is also supported by over 250 national voluntary organizations representing tens of millions of volunteers across America. Mr. Chairman, these include U.S. Farm Bureau Federation, the American Heart Association, the American Red Cross, the Girl Scout Council of the United States, the General Federation of Women's Clubs, Little League, Salvation Army, National PTA, B'nai B'rith, Air Force Association, Navy League, and many, many, other nationally known organizations. Each of them is a supporter of the Volunteer Protection Act, which this amendment is modeled upon.

Mr. Chairman, voluntarism in America is a large endeavor. Eighty-five million Americans volunteer in some capacity or another every year. They provide 16.5 billion hours of service to the Nation that is valued in excess of $110 billion. However, Mr. Chairman, in 1986 when the American Society of Association Executives polled 8,000 national, State, and local voluntary associations, they found over 60 percent of those answering the poll say that fear of liability exposure, the fear of having to go to court, is damaging their efforts at volunteer recruitment.

□ 1450

It has affected organizations across America as large as the American Red Cross and the United Way. It is having a chilling effect upon voluntarism and ought to be addressed in this legislation.

Mr. Chairman, the amendment is quite simple. It allows the Director to make a determination as to whether States are in fact protecting volunteers, and many are, I might say. My own State of Illinois, the State of Montana and others have comprehensive laws already on the books protecting volunteers, but many others do not.

It would allow the Director to make a determination as to whether volunteers are being protected from simple negligence liability, not from liability, Mr. Chairman, outside the scope of their volunteer activities and not for liability when they act in a willful and wonton manner, but from everyday negligence liability, so they can come forward and offer their services free of the nagging fear that they might end up being a defendant in a court of law and have their assets, their homes, their farms, and their bank accounts subject to a judgment.

I would say, Mr. Chairman, that our concern about people who are injured through negligent actions of others are protected under the amendment because the liability of the organization is not effected and remains intact. It would only affect individual volunteers coming forward to offer their services.

I commend this amendment to the Members of the House, over half of whom are supporters of the concept through the Volunteer Protection Act, H.R. 911.

Mr. HAWKINS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I cannot say that I rise in opposition to the amendment. I believe it is a subject that obviously should be considered in connection with volunteer service. For that reason I commend the author of the amendment. It is a subject matter that is not within the jurisdiction of the Education and Labor Committee, and obviously was not considered in the context of the bill that is before us today.

On the other hand, I would certainly believe that the conference committee should in good conscience consider the subject. It is my understanding that the Judiciary Committee is doing so, and if this amendment is adopted I certainly would assume that they would also become conferees in the conference committee. For that reason, I see no harm that the amendment would do, but probably it would be relevant in a conference committee and for that reason I will not oppose the amendment and certainly believe that if adopted the amendment may be rightfully considered with the Judiciary conferees in the conference committee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. PORTER].

The amendment was agreed to.

The CHAIRMAN. Are there other amendments to title I?

AMENDMENT OFFERED BY MR. SOLOMON

Mr. SOLOMON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SOLOMON: Page 2, after line 5, insert the following:

SEC. 2. DRUG TESTING REQUIREMENT.

The head of each department and of each agency participating in programs assisted under title II of this Act or under amendments made by this Act shall establish and administer a program of random testing of individuals participating in such programs for the illegal use of drugs.

Mr. SOLOMON. Mr. Chairman, I will be as brief as I can.

The amendment is similar to those I have successfully offered to all reauthorization bills and to all new programs that have passed this House in recent years.

This amendment would require the random drug testing of individuals participating in programs under this act.

This bill envisions the Federal Government providing benefits to individuals who volunteer to assist in health care, who assist our youth in education and who care for those in this country with drug problems.

The bill provides for the cancellation of Federal student loans to persons who become engaged in drug counseling, drug prevention, and drug education. In other words, it waives the obligation to pay back those loans.

Clearly, it is appropriate for us to assure that individuals involved in the counseling of drugs are themselves drug free.

I would also point out that my amendment only involves persons who receive employment or some type of benefit from the Federal Government. If an individual receives tax dollars, whether in the form of employment or in the form of a student loan cancellation, it is not too much to require them to remain drug free during that

period of time. We cannot allow young people volunteering in education, health care, or drug counseling to be involved in drugs. Volunteers must be able to take care of themselves before they care for others.

Mr. Chairman, I would urge support for the amendment.

Mr. HAWKINS. Mr. Chairman, will the gentleman yield?

Mr. SOLOMON. I am glad to yield to the gentleman from California.

Mr. HAWKINS. As I have indicated to the gentleman in the well, Mr. Chairman, I am not personally supportive of the idea in most instances; however, it is the usual amendment that we have always accepted and I believe a majority of the Members of the House do accept and would on a vote approve. On that basis, I am willing to accept it.

Mr. SOLOMON. Well, I certainly thank the chairman for his understanding. The gentleman is an outstanding chairman and we have a great deal of respect for him.

Mr. WILLIAMS. Mr. Chairman, I move to strike the requisite numbers of words.

Mr. Chairman, I have reservations about the amendment of the gentleman in the well. I will not object or oppose the amendment, but just say that I believe the amendment lends itself to abuse and mischief. As the gentleman knows, I have had concern in the past about that. I will not object to the amendment at this point, at least, or ask for a vote on the amendment. I will agree to the chairmans desire to accept the amendment.

While I still have time remaining, I would like to being something to the attention of my colleagues. Two days ago on the Defense bill, the House accepted an amendment, correctly accepted it in my judgment, an amendment offered by the gentleman from Massachusetts [Mr. MAVROULES], as perfected by the gentleman from New York [Mr. GILMAN].

The vote on that amendment was 413 to 1, only 1 nay vote.

What that amendment did was provide student loan cancellations for people who will agree to accept certain jobs in the military under the Pentagon. Today when we had a vote nearly identical to cancel loans for students who would agree to go to work in the service of their country, not militarily, not in armed aggression, but domestically here at home, there were 200 votes against it. It makes one wonder where the priorities of the Members of this Congress really are.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. SOLOMON].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. PETRI

Mr. PETRI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PETRI: On page 50, strike line 15 and all that follows through line 8 on page 51.

Redesignate subsections accordingly.

Mr. PETRI. Mr. Chairman, I will not take my full 5 minutes.

We have actually, I think, made some progress today in debating and discussing this bill. We had a very close vote on the student loan provisions. I think that was a signal by many in this House that will require considerable improvement if this bill does in fact go through the Senate and through the conference committee before we have workable loan forgiveness provisions.

□ 1500

But there was one particular small special loan provision feature which I thought was worth singling out and dealing with and drawing attention to. That is the purpose of this amendment. And that is the loan forgiveness provision of the bill which forgives loans not for volunteers, not for low-paid volunteer workers who are working at below the minimum wage, but instead for full-time professional employees. This is on page 50 of the bill, line 17 through the next page, line 8.

Mr. HAWKINS. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield to the chairman.

Mr. HAWKINS. I thank the gentleman for yielding.

Mr. Chairman, we are trying to identify the amendment. Is it on page 50, strike line 15 and all through line 8 on page 51?

Mr. PETRI. The gentleman is correct.

Mr. HAWKINS. That is correct?

Mr. PETRI. It is not the broad one, it is the narrow amendment. What it does do is eliminate the section of the bill which singles out full-time professional drug treatment center counselors for student loan forgiveness.

It seems to me that it may or may not be appropriate to grant student loan forgiveness to this category of full-time paid professionals. But why we should do it willy-nilly, ignoring all kinds of other full-time paid professionals who are doing heroic service for the community in the police force, in medical research, in 101 nonprofit areas, plus all sorts of people who are doing great community service and things of benefit to others in the profitmaking private sector of the economy; why suddenly drug counselors and nonprofit—and, I assume, nonreligious nonprofit—programs should be given student loan forgiveness and not others is beyond me.

If you are a religious, I assume, a priest who is counseling someone for a drug problem, he would not qualify for loan forgiveness.

To single out this group of drug counselors and forgive their loans when they are full-time paid professional people seems to me is totally inappropriate and has nothing to do with voluntarism.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. I thank the gentleman for yielding.

Mr. Chairman, this portion would really allow an income of $50,000, $60,000, $70,000 to get loan forgiveness?

Mr. PETRI. Absolutely. We would be taxing people who are working, trying to pay off their student loan, working as policemen, working as auto mechanics, and so on, and so forth, they would be having to pay taxes and pay off their student loans, and meanwhile this highly paid professional person would have their loan forgiven, in effect, with their tax money.

Mr. GOODLING. I understand the amendment, and I support the gentleman.

Mr. PETRI. I urge acceptance of this amendment.

Mr. HAWKINS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think the amendment is not fully understood. What the amendment would do would be to knock out the loan forgiveness, as I understand it, for those who are engaged in full-time professional—as full-time professional employees engaged in drug counseling, prevention, intervention, treatment, education, or employed by a public or nonprofit agency or organization.

The reason for the amendment is actually from a finding by the Committee on Education and Labor that there is, in this particular area in the war on drugs, a severe shortage, a serious shortage, and a very rapid turnover; to stabilize the number of individuals who are encouraged to go into this. Among all of the professions, this happens to be the situation, as a result of our finding.

Now, the amendment would eliminate that. It seems to me that it is unwise. The fact that other professions would be somewhat discriminated against, which is the argument used, is that all professionals in the various fields do not suffer from the same shortage and the very rapid turnover. It was for that reason that this amendment was thought to be one which we could include.

It was also subject to inclusion in the other educational programs that were contributed by the Committee on Education and Labor to the war on drugs in the legislation that has gone through the Committee on Education and Labor.

I think that loan forgiveness is highly justified. It has been so found in the hearings of the committee. I

think the removal of this would certainly be a mistake.

For that reason, I oppose the amendment.

Mrs. LOWEY of New York. Mr. Chairman, I move to strike the penultimate word.

Mr. Chairman, I rise in strong opposition to the amendment.

As I travel around my district—and I visit drug treatment centers like Renaissance and Phoenix House—every single person will tell you there is a 50-percent turnover. It is very difficult to recruit people to this profession.

If we are really serious in this House and in this country and we want the support of the public, then how can we not provide some incentive for this war against drugs?

Do you realize that on Tuesday every single Member of the House except one voted for student loan repayments of $6,000 per year for any employee, with a total of $40,000, for any employee, for the training of people in essential defense occupations?

If we do not really wage an all-out war on drugs, and certainly encourage people to get into this field of treatment, then we are not taking care of the people right here at home. This is a critical part of our defense.

Loan forgiveness may not be the whole answer, but we have to do what we can to recruit people into this field to work on the treatment part of this war on drugs.

Now, what does this cost us? It would cost about $2 million annually by 1998. That is what CBO expects if the provision were to be implemented fully.

Compared to the other expenses, this is a pittance.

Mr. Chairman, I strongly oppose the amendment. We have to wage a real war on drugs and get people into this difficult field in order to help fight the battle, and this is the least we can do.

Mr. GOODLING. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the problem with this portion of the bill is that it does not belong in the bill. This part of the bill has nothing to do with voluntarism at all. That is what the bill is all about. This portion of the bill has nothing to do with voluntarism. So it does not belong in this piece of legislation. The bill deals with voluntarism; this portion of the bill has nothing to do with voluntarism.

Mr. GUNDERSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman and Members, I will not take the time, but I think it is necessary that everyone understand what we are doing with this particular amendment. If you will look at the legislation in front of you, what this section says is that anyone who is a full-time professional employee engaged in drug counseling, prevention, intervention, treatment or education, employed by a public or nonprofit private agency or organization shall have their loans, not deferred, canceled.

Now, understand this has nothing to do with voluntarism. This has nothing to do with voluntarism. This is a full-time professional.

Think for a second of the problems you are going to create. If you are a full-time professional in the police force and you happen to be the person in La Crosse, WI who has been named to handle the DARE Program—and bless their hearts, I have met them and they are great men and women doing a great job—but they get paid for it as professional policemen. Under this section, they have their loans cancelled. Every other policeman has to pay their loan.

If you are a nurse in a hospital and you happen to be working in the drug treatment section of the hospital, you are therefore a full-time professional in the treatment section and you have your loan canceled, while everybody else has to pay their loan.

□ 1510

Third, one of my colleagues just asked, "And how long do you have to work that year?"

The answer is, "Well, you've got to work at the police force, or you've got to work as a nurse, or you've got to work as a full-time professional long enough to get the paperwork done, and then you get 15 percent canceled. And you can go out and get another job. Go ahead. There's nothing in this bill that says you have to work a full year before you can get it."

It says that 15 percent in the first year will be eliminated as soon as they have been that professional and they have been certified.

We started this debate a couple of hours ago and said this is not going to be easy. We plead with our colleagues to get beyond the title of the bill and look at the specifics. The amendment by the gentleman from Wisconsin [Mr. PETRI] makes all the sense in the world.

I ask my colleagues, "How would you like to be the chief of the police department, the administrator of the hospital, who says, 'You, get your loan canceled by your assignment, but all the rest of you, you have got to pay yours off'?"

Mr. Chairman, that does not make any sense. It is not equitable. It has nothing to do with voluntarism and does not belong in this bill.

I support the amendment of the gentleman from Wisconsin [Mr. PETRI].

Mr. WALKER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, a few minutes ago reference was made to only one vote being against the provision of ending guaranteed student loans or not getting guaranteed student loan forgiveness on defense matters. I was that one vote, and I did not like voting that way because I said at that time I did not think we could afford it there.

The question is whether or not we can afford all these nice things that we want to be able to do.

The gentlewoman from New York [Mrs. LOWEY] made a rather interesting statement here a minute ago. She talked about $2 million, and she said that is a pittance. In my district $2 million is a lot of money; $2 million represents every tax dollar paid by about 400 American families. That is a lot of money. It is not a pittance. We are talking about real money here, and we are talking about whether or not we can afford to do some of these things as a nation that we would like to do but cannot.

Now here is another one of those areas. What we have done here is we have carved out one exceptional area, and we are going to give a group of professionals, some of them very highly paid professionals, special treatment, and I am suggesting that that is not an appropriate action within this bill.

I earlier in the debate raised the question of why we had loan forgiveness for full-time professionals in the bill that was supposed to be a voluntary bill. I did not get a very good answer at that time.

Now we have a chance to strike that provision from the bill and at least keep the bill oriented toward volunteers rather than full-time professionals.

Mr. Chairman, I would urge a yes vote on the amendment of the gentleman from Wisconsin [Mr. PETRI]. It is a good amendment and should be passed.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. PETRI].

The question was taken; and on a division (demanded by Mr. PETRI) there were—ayes 14, noes 17.

So the amendment was rejected.

The CHAIRMAN. Are there any other amendments to title I?

If not, the Clerk will designate title II.

The text of title II is as follows:

TITLE II—TO ESTABLISH THE AMERICAN CONSERVATION AND YOUTH SERVICE CORPS

PART A—AMERICAN CONSERVATION CORPS

SEC. 201. ESTABLISHMENT.

(a) IN GENERAL.—There is established the American Conservation Corps to be administered by the Secretary of Agriculture and the Secretary of the Interior (individually referred to in this Act as the "administering Secretary") under subsection (b) and through a State grant component.

(b) FEDERAL COMPONENT.—

(1) The Secretary of the Interior and the Secretary of Agriculture shall establish the Federal component of the American Conservation Corps within their respective agencies to administer programs on Federal lands. Applications for participation in the Corps on Federal public lands shall be submitted to the administering Secretary in the manner described in part D and under regulations promulgated under subsection (e).

(2) Funds appropriated for purposes of this part to an administering Secretary shall be used to carry out projects on Federal lands and to provide for the Federal administrative costs of implementing this part.

(3) In using such funds, the Secretary of the Interior and the Secretary of Agriculture shall enter into contracts or other agreements with program agencies, local governments, and nonprofit organizations approved for participation under section 220(a).

(4) Participants shall contract with qualified existing youth corps programs in the regions or areas where Federal component activities will occur. In States where such corps programs do not exist, the Secretary shall encourage the chief executive officer of the State to establish a youth corps program. Only if a State has failed to establish a youth corps program shall the Secretary directly administer a program for the Federal component.

(c) STATE COMPONENT.—

(1) The Secretary of the Interior shall establish a program under which grants shall be made to States to administer the State component of the American Conservation Corps involving work on non-Federal public lands and waters within a given State. Each Governor shall designate a State program agency to administer the program within the State.

(2) If at the commencement of a fiscal year, such a program agency has not been so designated, any local government within such State may establish a program agency to carry out the State component within the political subdivision under the jurisdiction of such local government.

(3) Any program agency may apply for a grant under this title in the manner described in section 215.

(d) LOCAL GOVERNMENT PARTICIPATION.—

(1) Any local government program agency established under subsection (c)(2) shall be subject, in all respects, to the same requirements as a State program agency. Where more than one local government within a State has established a program agency under subsection (c)(2), the administering Secretary shall allocate funds between such agencies in such manner as the Secretary considers equitable.

(2) Any State carrying out a program under this part shall provide a mechanism under which local governments and nonprofit organizations within the State may participate in the American Conservation Corps.

(e) REGULATIONS AND ASSISTANCE.—

(1) Before the end of the 120-day period beginning on the date of the enactment of this Act, the Secretary of the Interior and the Secretary of Agriculture, after consultation with the Secretary of Labor, shall jointly promulgate regulations necessary to implement the American Conservation Corps established by subsection (a).

(2)(A) Before the end of the 30-day period beginning on the date of the enactment of this Act, the Secretary of the Interior and the Secretary of Agriculture shall establish procedures to give program agencies and other interested parties (including the general public) adequate notice and opportunity to comment on and participate in the formulation of such regulations.

(B) The regulations shall include provisions to assure uniform reporting on—

(i) the activities and accomplishments of American Conservation Corps programs,

(ii) the demographic characteristics of enrollees in the Corps, and

(iii) such other information as may be necessary to prepare the annual report required by section 229(a).

(f) PROJECTS INCLUDED.—The American Conservation Corps established under subsection (a) may carry out projects such as—

(1) conservation, rehabilitation, and improvement of wildlife habitat, rangelands, parks, and recreational areas,

(2) urban revitalization and historical and cultural site preservation,

(3) fish culture and habitat maintenance and improvement and other fishery assistance,

(4) road and trail maintenance and improvement,

(5)(A) erosion, flood, drought, and storm damage assistance and controls,

(B) stream, lake, and waterfront harbor and port improvement, and

(C) wetlands protection and pollution control,

(6) insect, disease, rodent, and fire prevention and control,

(7) improvement of abandoned railroad bed and right-of-way,

(8) energy conservation projects, renewable resource enhancement, and recovery of biomass,

(9) reclamation and improvement of strip-mined land, and

(10) forestry, nursery, and cultural operations.

(g) LIMITATION TO PUBLIC LANDS.—Projects to be carried out under the American Conservation Corps shall be limited to projects on public lands or Indian lands, except where a project involving other lands will provide a documented public benefit as determined by the administering Secretary. The regulations promulgated under subsection (e) shall establish the criteria necessary to make such determinations.

(h) CONSISTENCY.—All projects carried out under this part for conservation, rehabilitation, or improvement of any public lands or Indian lands shall be consistent with—

(1) the provisions of law and policies relating to the management and administration of such lands and all other applicable provisions of law, and

(2) all management, operational, and other plans and documents which govern the administration of the area.

(i) PARTICIPATION BY OTHER CONSERVATION PROGRAMS.—Any land or water conservation program (or any related program) administered in any State under the authority of any Federal program is encouraged to use services available under this part to carry out its program.

SEC. 202. ALLOCATION OF AUTHORIZED FUNDS.

Of the sums appropriated under section 232(b)(1)(A) to carry out this part for any fiscal year—

(1) 50 percent shall be made available to the administering Secretary for expenditure by State program agencies which have been approved for participation in the American Conservation Corps for work on State and county lands,

(2) 15 percent shall be made available to the Secretary of Agriculture for expenditure by agencies within the Department of Agriculture, subject to section 232(d),

(3) 5 percent shall be made available to an administering Secretary, under such terms as are provided for in regulations promulgated under section 201(e), for expenditure by other Federal agencies, subject to section 232(d),

(4) 25 percent shall be made available to the Secretary of the Interior for expenditure by agencies within the Department of the Interior, subject to section 232(d), and for demonstration projects or projects of special merit carried out by any program agency or by any nonprofit organization or local government which is undertaking or proposing to undertake projects consistent with the purposes of this part, and

(5) 5 percent shall be made available to the Secretary of the Interior for expenditure by the governing bodies of participating Indian tribes.

PART B—YOUTH SERVICE CORPS

SEC. 206. YOUTH SERVICE CORPS PROJECT GRANTS.

(a) ESTABLISHMENT.—There is established the Youth Service Corps.

(b) GRANTS.—The Director of the ACTION Agency shall appoint an Assistant Director (referred to in this Act as the "Assistant Director") who shall provide, to public and private nonprofit agencies determined to be eligible under section 216, grants for Youth Service Corps projects and otherwise to administer this part.

SEC. 207. SERVICE CATEGORIES.

(a) DESIGNATION OF SERVICE CATEGORIES.—The Assistant Director shall, by regulation, designate specific activities as service categories in which persons serving in Youth Service Corps projects may serve for purposes of this part.

(b) ELIGIBILITY REQUIREMENTS.—An activity may be designated as a service category under subsection (a) if the Assistant Director determines that—

(1) such activity is of substantial social benefit in meeting unmet human, social, or environmental needs (particularly needs related to poverty) of or in the community where service is to be performed,

(2) involvement of persons serving in Youth Service Corps projects under this part in such activity will not interfere unreasonably with the availability and the terms of employment of employees of sponsoring organizations with positions available in such activity,

(3) persons serving in Youth Service Corps projects under this part are able to meet the physical, mental, and educational qualifications that such activity requires, and

(4) such activity is otherwise appropriate for purposes of this part.

(c) SPECIFIC ELIGIBLE SERVICE CATEGORIES.—The service categories referred to in subsection (a) may include service in—

(1) State, local, and regional governmental agencies,

(2) nursing homes, hospices, senior centers, hospitals, local libraries, parks, recreational facilities, day care centers, and schools,

(3) law enforcement agencies, and penal and probation systems,

(4) private nonprofit organizations whose principal purpose is social service,

(5) the rehabilitation or improvement of public facilities, neighborhood improvements, literacy training benefiting educationally disadvantaged persons, weatherization of and basic repairs (including construction) to low-income housing, energy conservation, including solar energy tech-

niques, removal of architectural barriers to access by handicapped persons to public facilities, and conservation, maintenance, or restoration of natural resources on publicly held lands, and

(6) any other nonpartisan civic activity and service that the Assistant Director determines to be appropriate for purposes of this part.

(d) INELIGIBLE SERVICE CATEGORIES.—The service categories referred to in subsection (a) may not include any position in any—

(1) business organized for profit,

(2) labor union,

(3) partisan political organization,

(4) organization engaged in religious activities, unless such position does not involve any religious functions, or

(5) domestic or personal service company or organization.

(e) RELATED PROGRAMS.—Any program administered under the authority of the Secretary of Health and Human Services, which program is operated for the same purpose as any program eligible under this part, is encouraged to use services available under this part to carry out its program.

PART C—YOUTH SKILLS ENHANCEMENT

SEC. 211. CERTIFICATION AND ACADEMIC CREDIT.

The administering Secretary or the Assistant Director (whichever the case may be) shall provide guidance and assistance to States in securing certification of training skills or academic credit for competencies developed under part A or B.

SEC. 212. TRAINING AND EDUCATION SERVICES.

(a) ASSESSMENT OF SKILLS.—Each program agency shall, through programs and projects under part A or B, maintain or enhance the educational skills of enrollees in the program. Each such agency shall assess the educational level of enrollees at the time of entrance in the program, using any available records or simplified assessment means or methodology.

(b) PROVISION OF IN-SERVICE TRAINING AND EDUCATION.—

(1) Program agencies receiving assistance under section 216 shall use not less than 10 percent of the funds available to them to provide in-service training and educational materials and services for enrollees and persons serving in programs and may enter into arrangements with academic institutions or education providers, including—

(A) local education agencies,

(B) community colleges,

(C) 4-year colleges,

(D) area vocational-technical schools, and

(E) community based organizations,

for academic study (including remediation) by enrollees and other persons serving in Youth Service Corps projects during nonworking hours to upgrade literacy skills, to obtain a high school diploma (or its equivalency) or college degrees, or to enhance employable skills. Career counseling shall be provided to enrollees and other persons serving in Youth Service Corps projects during any period of in-service training. Each graduating enrollee must be provided with counseling with respect to additional study, job skills training, or employment and shall be provided job placement assistance where appropriate.

(2) Enrollees and other persons serving in Youth Service Corps projects who have not obtained a high school diploma or its equivalent shall have priority to receive services under this subsection.

(3) Whenever possible, an enrollee seeking study or training not provided at the enrollee's assigned facility shall be offered assignment to a facility providing such study or training.

(c) POST-SERVICE EDUCATION AND TRAINING ASSISTANCE.—Any such program or project shall use not less than 10 percent of the funds available to the agency for the program or project under section 216 to provide services described in subsection (b)(1) for post-service education and training assistance. The amount of such assistance provided to any eligible individual shall be based upon the period of time such person served in a program or project under this title. The activities under this section may include activities available to eligible enrollees under in-service education and training assistance, career and vocational counseling, assistance in entering a program under the Job Training Partnership Act, and other activities deemed appropriate for the enrollee by the program agency and the advisory board.

(d) STANDARDS AND PROCEDURES.—Appropriate State and local officials shall certify that standards and procedures with respect to the awarding of academic credit and certifying educational attainment in programs conducted under subsection (b) are consistent with the requirements of applicable State and local law and regulations. Such standards and procedures shall specify, among other things, that any person serving in a program or project under this title—

(1) who is not a high school graduate, shall participate in an educational component whereby such person can progress toward a high school diploma or its equivalent, and

(2) may arrange to receive academic credit in recognition of learning and skills obtained from service satisfactorily completed.

PART D—ADMINISTRATIVE PROVISIONS

SEC. 216. GRANTS.

(a) AWARD OF GRANTS.—Within 60 days after the date of the enactment of appropriations under section 232, any eligible entity may apply to the administering Secretary or the Assistant Director (whichever the case may be) for funds under this title in the manner specified under part A or part B. In determining the amount of funds to be awarded to any such applicant, the administering Secretary or the Assistant Director (whichever the case may be) shall consider each of the following factors:

(1) The proportion of the unemployed youth population of area to be served.

(2)(A) In the case of part A, the conservation, rehabilitation, and improvement needs on public lands within the State, and

(B) In the case of part B, unmet human, social, or environmental needs (particularly needs related to poverty) within the area to be served.

(b) MATCHING REQUIREMENT.—

(1) As a condition on the award of a grant under subsection (a), a State or program agency shall demonstrate to the satisfaction of the administering Secretary or the Assistant Director (whichever the case may be) that it will expend (in cash or in kind), for purposes of any American Conservation Corps or Youth Service Corps project funded under this Act, an amount from public or private non-Federal sources (including the direct cost of employment or training services provided by State or local programs, private nonprofit organizations, and private for-profit employers) equal to the amount made available to such State or agency under this title.

(2) In addition to such matching requirement, the State or program agency shall demonstrate to the satisfaction of the administering Secretary or the Assistant Director (whichever the case may be) that the effectiveness of the project will be enhanced by the use of Federal funds.

(c) PAYMENT TERMS.—Payments under grants awarded under this section may be made in advance or by way of reimbursement and at such intervals and on such conditions as the administering Secretary or the Assistant Director (whichever the case may be) finds necessary.

(d) USE OF FUNDS, LIMITATIONS.—

(1) Contract authority under this title shall be subject to the availability of appropriations. Funds appropriated under section 232 shall only be used for activities which are in addition to those which would otherwise be carried out in the area in the absence of such funds.

(2) Not more than 10 percent of the Federal funds made available to any State or program agency for projects during each fiscal year may be used for the purchase of major capital equipment.

(3) Not more than 15 percent of any Federal funds made available to any State or program agency under this title may be used to cover administrative expenses. In any case in which a grant is being awarded to a specific unit of local government rather than to a State, the State may not use more than 3 percent of the grant to cover administrative expenses. The remainder of the grant shall be transferred to the relevant unit of local government.

(4) Not more than 5 percent of any Federal funds provided under this title may be used for part-time service or conservation programs. For purposes of this paragraph the term "part-time" means unpaid service of not more than 15 hours per week.

(5) Not more than 1 percent of any Federal funds provided under this title may be used for joint programs with organized senior citizen programs for community support services.

SEC. 217. APPROVAL OF APPLICATIONS AND SUPERVISION OF PROGRAMS.

(a) APPLICATION.—

(1) In order to be eligible for any grant under section 216, an applying entity shall submit, in accordance with subsection (c), a plan that describes the existing or proposed program or project for which such grant is requested.

(2) Any entity which is eligible to provide employment and educational training under other Federal employment training programs may apply for a grant under section 216.

(b) CONTENTS OF PLAN FOR ELIGIBILITY FOR GRANTS.—The plan referred to in subsection (a) shall include the following:

(1)(A) A comprehensive description of the objectives and performance goals for the program, (B) a plan for managing and funding the program, and (C) a description of the types of projects to be carried out, including a description of the types and duration of training and work experience to be provided.

(2) A plan for certification of the training skills acquired by enrollees and award of academic credit to enrollees for competencies developed from training programs or work experience obtained under this title.

(3) An estimate of the number of enrollees and crew leaders necessary for the proposed projects, the length of time for which the services of such personnel will be required, and the services which will be required for their support.

(4) A description of the location and types of facilities and equipment to be used in carrying out the programs.

(5) A list of positions from which any person serving in such project may choose a service position, which list shall, to the extent practicable, identify a sufficient number and variety of positions so that any person living within a program area who desires to serve in voluntary youth service may serve in a position that fulfills the needs of such person.

(6) A list of requirements to be imposed on any sponsoring organization of any person serving in a program or project under this title, including a provision that any sponsoring organization that invests in any project under this title by making a cash contribution or by providing free training of any person participating in such project shall be given preference over any sponsoring organization that does not make such an investment.

(7) With respect to the specified location and type of any facility to be used in carrying out the program, a description of—

(A) the proximity of any such facility to the work to be done,

(B) the cost and means of transportation available between any such facility and the homes of the enrollees who may be assigned to that facility,

(C) the participation of economically, socially, physically, or educationally disadvantaged youths, and

(D) the cost of establishing, maintaining, and staffing the facility.

(8)(A) A provision describing the manner of appointment of sufficient supervisory staff by the chief administrator to provide for other central elements of a youth corps, such as crew structure and a youth development component. Supervisory staff may include enrollees who have displayed exceptional leadership qualities.

(B) A provision describing a plan to assure the on-site presence of knowledgeable and competent supervision at program facilities.

(9) A description of the facilities, quarters, and board (in the case of residential facilities), limited and emergency medical care, transportation from administrative facilities to work sites, and other appropriate services, supplies, and equipment that will be provided by the agency.

(10) A description of basic standards of work requirements, health, nutrition, sanitation, and safety, and the manner by which such standards shall be enforced.

(11) A description of the program's plan to assign youths to facilities as near to their homes as is reasonable and practicable.

(12) A description of formal social counseling arrangements to be made available to the participant during service in the American Conservation Corps or Youth Service Corps.

(13) Such other information as the administering Secretary or the Assistant Director (whichever the case may be) may prescribe.

(c) PRELIMINARY APPROVAL OF PART A APPLICATIONS.—

(1) An application for participation in the State component under part A shall first be submitted to the designated State agency for preliminary review and approval. Such agency shall forward to the appropriate State job training coordinating council, if any (established under the Job Training Partnership Act (29 U.S.C. 1502 et seq.)), for further review and comment, any application it approves. Upon the expiration of the 30-day review period referred to in subsection (e), the State agency shall submit any approved application, along with any comments by the council, to the administering Secretary.

(2) A State may submit any application for its own program under part A to the administering Secretary after complying with the review and comment requirement under subsection (e).

(3) The administering Secretary shall establish an appeals procedure (involving review and comment by the State job training council) for applying entities whose applications are disapproved under paragraph (1).

(d) PART B APPLICATIONS.—An application for participation under part B may be submitted by any public or private nonprofit entity to the administering Assistant Director after review and comment under subsection (e).

(e) REVIEW AND COMMENT ON APPLICATIONS.—No application for participation under part A or part B may be submitted to the administering Secretary or the Assistant Director (whichever the case may be) before the end of the 30-day period for review and comment by such council (except in the case of an appeal).

(f) CRITERIA FOR APPROVAL OF APPLICATIONS.—In approving an application under this section, the administering Secretary or the Assistant Director (whichever the case may be) shall consider the extent to which the specifics of the program or project (as described in the application) meet the goals of the program for which the grant is sought.

SEC. 218. PREFERENCE FOR CERTAIN PROJECTS.

In the approval of applications for programs and projects submitted under section 217, the Administering Secretary or the Assistant Director (whichever the case may be) shall give preference to those programs and projects which—

(1) will provide long-term benefits to the public,

(2) will instill in the enrollees a work ethic and a sense of public service,

(3) will be labor intensive, with youth operating in crews,

(4) can be planned and initiated promptly,

(5) will enhance the enrollees' educational level and opportunities, and skills development,

(6) in the case of a proposed part A project, will meet the unmet needs for conservation, rehabilitation, and improvement work on public lands within the State, and

(7) in the case of a proposed part B project, will meet human, social, and environmental needs (particularly needs related to poverty).

SEC. 219. EFFECT OF EARNINGS ON ELIGIBILITY FOR OTHER FEDERAL ASSISTANCE.

Earnings and allowances received under this title by an economically disadvantaged youth, as defined in section 4(8) of the Job Training Partnership Act (29 U.S.C. 1503(8)), shall be disregarded in determining the eligibility of the youth's family for, and the amount of, any benefits based upon need under any program established under this title.

SEC. 220. ENROLLMENT.

(a) CRITERIA.—

(1)(A) Enrollment in the American Conservation Corps and the Youth Service Corps shall be limited to individuals who, at the time of enrollment, are—

(i) not less than 16 years or more than 25 years of age, except that programs limited to the months of June, July, and August may include individuals not less than 15 years and not more than 21 years of age at the time of their enrollment, and

(ii) citizens or nationals of the United States (including those citizens of the Northern Mariana Islands as defined in section 24(b) of the Act entitled "An Act to authorize $15,500,000 for capital improvement projects on Guam, and for other purposes.", approved December 8, 1983 (Public Law 98-213, 48 U.S.C. 1681 note), or lawful permanent resident aliens of the United States.

(B) Special efforts shall be made to recruit and enroll individuals who, at the time of enrollment, are economically disadvantaged.

(C) In addition to recruitment enrollment efforts required in subparagraph (B), the administering Secretary or the Assistant Director (whichever the case may be) shall make special efforts to recruit enrollees who are socially, physically, and educationally disadvantaged youths and also make special efforts who are participating in foster care independent living programs, who are homeless, or are otherwise disconnected from their communities.

(D) Any person who does not hold a high school diploma or its equivalent may not be accepted for service in a program or project under this Act unless such person has not been enrolled as a high school student during the 3-month period before the date of such acceptance.

(E) Notwithstanding subparagraph (A), a limited number of special corps members may be enrolled without regard to their age so that the corps may draw upon their special skills which may contribute to the attainment of the purposes of this Act.

(2) Except in the case of a program limited to the months of June, July, and August, individuals who at the time of applying for enrollment have attained 16 years of age but not attained 19 years of age, and who are no longer enrolled in any secondary school shall not be enrolled unless they give adequate written assurances, under criteria to be established by the administering Secretary or the Assistant Director (whichever the case may be), that they did not leave school for the express purpose of enrolling. The regulations promulgated under section 201(e) shall provide such criteria.

(3) The selection of enrollees to serve in the American Conservation Corps or Youth Service Corps shall be the responsibility of the chief administrator of the program agency. Enrollees shall be selected from those qualified persons who have applied to, or been recruited by, the program agency, a State employment security service, a local school district with an employment referral service, an administrative entity under the Job Training Partnership Act (29 U.S.C. 1502 et seq.), a community or community-based nonprofit organization, the sponsor of an Indian program, or the sponsor of a migrant or seasonal agricultural worker program.

(4)(A) Except for a program limited to the months of June, July, and August, any qualified individual selected for enrollment in the American Conservation Corps or Youth Service Corps may be enrolled for a period not to exceed 24 months. When the term of enrollment does not consist of one continuous 24-month term, the total of shorter terms may not exceed 24 months.

(B) No individual may remain enrolled in the American Conservation Corps or Youth Service Corps after that individual has attained the age of 26 years, except as provided in paragraph (1)(E).

(C) No enrollee shall perform services in any project for more than a 6-month period.

(5) Within the American Conservation Corps or Youth Service Corps the directors of programs shall establish and stringently enforce standards of conduct to promote proper moral and disciplinary conditions. Enrollees who violate these standards shall be transferred to other locations, or dismissed, if it is determined that their retention in that particular program, or in the Corps, will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees. Such disciplinary measures shall be subject to expeditious appeal to the administering Secretary or the Assistant Director (whichever the case may be).

(b) REQUIREMENT OF PAYMENT FOR CERTAIN SERVICES.—A reasonable portion of the costs of the rates for room and board provided at residential facilities may be deducted from amounts determined under subsection (c) and deposited into rollover funds administered by the appropriate program agency. Such deductions and rates are to be established after evaluation of costs of providing the services. The rollover funds established under this subsection shall be used solely to defray the costs of room and board for enrollees. The administering Secretary, or the Assistant Director (whichever the case may be), and the Secretary of Defense may make available to program agencies any surplus food and equipment available from Federal programs.

(c) SUBSISTENCE ALLOWANCE AND OTHER BENEFITS.—

(1) The administering Secretary or the Assistant Director (whichever the case may be), shall devise a schedule providing an aggregate amount of subsistence allowances and other benefits, including education and training benefits (such as loans, scholarships, and grants) in an amount that is equal to not less than 100 percent and not more than 160 percent of the amount such enrollee would have earned if such person had been paid at a rate equal to the minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) during the period of service of such enrollee.

(2) During the period of an enrollee's service, the enrollee shall receive, from amounts determined under paragraph (1), an allowance (in cash or in kind) of not less than 50 percent and not more than 100 percent of such minimum wage, to be paid to such person during such period of service.

(3) In any case in which enrollees would perform services substantially similar to the duties and responsibilities of a regular employee employed by the employer to whom such enrollee is assigned, the program agency shall ensure that the amount determined under paragraph (1) shall be based upon a rate not less than the highest of—

(A) the minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938,

(B) the minimum wage under the applicable State or local minimum wage law, or

(C) the prevailing rates of pay for such regular employees of the employer.

(4) For purposes of the Fair Labor Standards Act of 1938, residential youth service corps programs will be considered an organized camp.

(d) SERVICES, FACILITIES, AND SUPPLIES.—

(1) The program agency shall provide facilities, quarters, and board (in the case of residential facilities), limited and emergency medical care, transportation from administrative facilities to work sites, and other appropriate services, supplies, and equipment.

(2)(A) The administering Secretary or the Assistant Director (whichever the case may be) may provide services, facilities, supplies, and equipment to any program agency carrying out projects under this Act.

(B) Whenever possible, the administering Secretary or the Assistant Director (whichever the case may be) shall make arrangements with the Secretary of Defense to have logistical support provided by a military installation near the work site, including the provision of temporary tent centers where needed, and other supplies and equipment.

(e) HEALTH AND SAFETY STANDARDS.—The administering Secretary or the Assistant Director (whichever the case may be), along with the program agency, shall establish standards and enforcement procedures concerning enrollee health and safety for all projects, consistent with Federal, State, and local health and safety standards.

(f) GUIDANCE AND PLACEMENT.—Program agencies shall provide such job guidance and placement information and assistance for enrollees as may be necessary. Such assistance shall be provided in coordination with appropriate State, local, and private agencies and organizations.

SEC. 221. COORDINATION AND PARTICIPATION WITH OTHER ENTITIES.

(a) AGREEMENTS.—Program agencies may enter into contracts and other appropriate arrangements with local government agencies and nonprofit organizations for the operation or management of any projects or facilities under the program.

(b) COORDINATION.—The administering Secretary or the Assistant Director (whichever the case may be) and the chief administrators of program agencies carrying out programs under this title shall coordinate the programs with related Federal, State, local, and private activities.

(c) JOINT PROJECTS INVOLVING THE DEPARTMENT OF LABOR.—The administering Secretary or the Assistant Director (whichever the case may be) may develop, jointly with the Secretary of Labor, regulations designed to allow, where appropriate, joint projects in which activities supported by funds authorized under this title are coordinated with activities supported by funds authorized under employment and training statutes administered by the Department of Labor (including the Job Training Partnership Act (29 U.S.C. 1502 et seq.)). Such regulations shall provide standards for approval of joint projects which meet both the purposes of this title and the purposes of such employment and training statutes under which funds are available to support the activities proposed for approval. Such regulations shall also establish a single mechanism for approval of joint projects developed at the State or local level.

SEC. 222. AMERICAN CONSERVATION CORPS AND YOUTH SERVICE CORPS STATE ADVISORY BOARDS.

(a) ESTABLISHMENT.—Upon the approval of a project within a State, the State job training coordinating council within the State shall appoint an advisory board for the purpose of conducting regular oversight and review of projects of the American Conservation Corps and the Youth Service Corps within the State. In particular, the advisory board shall certify that the project satisfies the requirements and limitations under this title, including limitations respecting the displacement of existing employees and the types of projects and responsibilities appropriate for enrollees in the American Conservation Corps and the Youth Service Corps. Members of the advisory board shall also provide guidance and assistance for the development and administration of projects.

(b) COMPOSITION.—(1) Each advisory board shall be composed of not less than 7 individuals, of whom—

(A) 2 individuals who are representatives of organized labor (one of each representing the State and local levels), and

(B) 5 individuals, one of each of whom is a representative of the business community, community based organizations, State government (or an appropriate State agency), local elected office, and State or local school administration.

(2) If more than 7 individuals are appointed to an advisory board, the representation required by paragraph (1) shall be met, to the extent practicable.

(c) ANNUAL MEETINGS.—Each advisory board shall meet not less often than twice annually.

SEC. 223. FEDERAL AND STATE EMPLOYEE STATUS.

Enrollees, crew leaders, and volunteers are deemed as being responsible to, or the responsibility of, the program agency administering the project on which they work. Except as otherwise specifically provided in the following paragraphs, enrollees and crew leaders in projects for which funds have been authorized under section 232 shall not be deemed Federal employees and should not be subject to the provisions of law relating to Federal employment:

(1) For purposes of subchapter I of chapter 81 of title 5, United States Code, relating to the compensation of Federal employees for work injuries, enrollees and crew leaders serving American Conservation and Youth Service Corps program agencies shall be deemed employees of the United States within the meaning of the term "employee" as defined in section 8101 of title 5, United States Code, and the provision of that subchapter shall apply, except—

(A) the term "performance of duty" shall not include any act of an enrollee or crew leader while absent from his or her assigned post of duty, except while participating in an activity authorized by or under the direction and supervision of a program agency (including an activity while on pass or during travel to or from such post of duty), and

(B) compensation for disability shall not begin to accrue until the day following the date on which the injured enrollee's or crew leader's employment is terminated.

(2) For purposes of chapter 171 of title 28, United States Code, relating to tort claims procedure, enrollees and crew leaders on American Conservation Corps and Youth Service Corps projects shall be deemed employees of the United States within the meaning of the term "employee of the Government" as defined in section 2671 of such title.

(3) For purposes of section 5911 of title 5, United States Code, relating to allowances for quarters, enrollees and crew leaders shall be deemed employees of the United States within the meaning of the term "employee" as defined in that section.

SEC. 224. NOTICE, HEARING, AND GRIEVANCE PROCEDURES.

(a) IN GENERAL.—

(1) SUSPENSION OF PAYMENTS.—The Secretaries of Interior and Agriculture (in the case of a program funded under part A) or the Director of the ACTION Agency (in the case of a program funded under part B), is authorized, in accordance with this title, to suspend payments or to terminate payments under a contract or grant providing assist-

ance under this title whenever the Secretary or Director determines there is a material failure to comply with this title or the applicable terms and conditions of any such grant or contract issued pursuant to this title.

(2) PROCEDURES TO ENSURE ASSISTANCE.—The Secretary or Director shall prescribe procedures to ensure that—

(A) assistance under this title shall not be suspended for failure to comply with the applicable terms and conditions of this title, except in emergency situations for 30 days, and

(B) assistance under this title shall not be terminated for failure to comply with applicable terms and conditions of this title unless the recipient of such assistance has been afforded reasonable notice and opportunity for a full and fair hearing.

(b) HEARINGS.—Hearings or other meetings that may be necessary to fulfill the requirements of this section shall be held at locations convenient to such recipient.

(c) TRANSCRIPT OR RECORDING.—A transcript or recording shall be made of a hearing conducted under this section and shall be available for inspection by any individual.

(d) STATE LEGISLATION.—Nothing in this title shall be interpreted to preclude the enactment of State legislation providing for the implementation, consistent with the provisions of this title, of the programs administered under this title.

(e) GRIEVANCE PROCEDURE.—

(1) IN GENERAL.—State and local applicants funded under parts A and B shall establish and maintain a procedure for grievances from participants, labor organizations, and other interested individuals concerning projects funded under this title, including grievances regarding proposed placements of such participants.

(2) DEADLINE FOR GRIEVANCES.—Except for a grievance that alleges fraud or criminal activity, a grievance shall be made within 1 year after the date of the alleged occurrence.

(3) DEADLINE FOR HEARING AND DECISION.—A hearing on any grievance shall be conducted within 30 days of filing such grievance and a decision shall be made not later than 60 days after the filing of such grievance.

(4) ARBITRATION.—

(A) IN GENERAL.—On the occurrence of an adverse grievance decision, or 60 days after the filing of such grievance if no decision has been reached, the party filing the grievance shall be permitted to submit such grievance to binding arbitration before a qualified arbitrator who is jointly selected and independent of the interested parties.

(B) DEADLINE FOR PROCEEDING.—An arbitration proceeding shall be held within 45 days after the request for such arbitration.

(C) DEADLINE FOR DECISION.—A decision on such grievance shall be made within 30 days after the date of such arbitration proceeding.

(D) COST.—The cost of such arbitration proceeding shall be divided evenly between the parties.

(5) PROPOSED PLACEMENT.—If a grievance is filed regarding a proposed placement of a participant in a program assisted under this title, such placement shall not be made unless it is consistent with the resolution of the grievance pursuant to this subsection.

(6) REMEDIES.—Remedies for a grievance filed under this subsection include—

(A) suspension of payments for assistance under this title;

(B) termination of such payments; and

(C) prohibition of such placement described in paragraph (5).

SEC. 225. NONDUPLICATION AND NONDISPLACEMENT.

(a) NONDUPLICATION.—

(1) IN GENERAL.—Funds provided under this title shall be used only for an activity that does not duplicate, and is in addition to, programs and activities otherwise available in the locality.

(2) PRIVATE NONPROFIT ENTITY.—Funds available under this title shall not be provided to a private nonprofit entity to conduct activities that are the same or substantially equivalent to activities provided by a State or local government agency that such entity resides in, unless the requirements of subsection (b) are met.

(b) NONDISPLACEMENT.—

(1) IN GENERAL.—An employer shall not displace an employee or position, including partial displacement such as reduction in hours, wages, or employment benefits, as a result of the use by such employer of a participant in a program established under this title.

(2) SERVICE OPPORTUNITIES.—A service opportunity shall not be created under this title that will infringe in any manner upon the promotional opportunity of an employed individual.

(3) LIMITATION ON SERVICES.—

(A) DUPLICATION OF SERVICES.—A participant in a program under this title shall not perform any services or duties or engage in activities that would otherwise be performed by an employee as part of the assigned duties of such employee.

(B) SUPPLANTATION OF HIRING.—A participant in any program under this title shall not perform any services or duties or engage in activities that will supplant the hiring of employed workers.

(C) DUTIES FORMERLY PERFORMED BY ANOTHER EMPLOYEE.—A participant shall not perform services or duties that have been performed by or were assigned to any—

(i) presently employed worker,

(ii) employee who recently resigned or was discharged,

(iii) employee who is subject to a reduction in force,

(iv) employee who is on leave (terminal, temporary, vacation, emergency, or sick), or

(v) employee who is on strike or who is being locked out.

SEC. 226. GRIEVANCE PROCEDURE.

(a) COMPLAINTS.—Each program agency shall establish and maintain a grievance procedure for grievances and complaints about its projects from enrollees and labor organizations and other interested persons. Hearings on any grievance shall be conducted within 30 days of filing of a grievance and decisions shall be made not later than 60 days after the filing of a grievance. Except for complaints alleging fraud or criminal activity, complaints shall be made within 1 year after the date of the alleged occurrence.

(b) INVESTIGATION BY THE ADMINISTERING SECRETARY OR THE ASSISTANT DIRECTOR.—Upon exhaustion of a grievance proceeding without decision, or where the administering Secretary or the Assistant Director (whichever the case may be) has reason to believe that the program agency is failing to comply with the requirements of this title or the terms of a project, the administering Secretary or the Assistant Director (whichever the case may be) shall investigate the allegation or belief within the complaint and determine, within 120 days after receiving the complaint, whether such allegation or belief is true.

SEC. 227. USE OF VOLUNTEERS.

Where any program agency has authority to use volunteer services in carrying out functions of the agency, such agency may use volunteer services for purposes of assisting projects carried out under this title and may expend funds made available for those purposes to the agency, including funds made available under this title, to provide for services or costs incidental to the utilization of such volunteers, including transportation, supplies, lodging, recruiting, training, and supervision. The use of volunteer services permitted by this section shall be subject to the condition that such use does not result in the displacement of any enrollee.

SEC. 228. NONDISCRIMINATION PROVISION.

(a) IN GENERAL.—An individual with responsibility for the operation of a project funded under this title shall not discriminate against a youth corps member or member of the staff of such project on the basis of race, color, national origin, sex, age, disability, or political affiliation of such member.

(b) CONSTRUCTION UNDER CIVIL RIGHTS ACT OF 1964.—For purposes of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), any program or project for which any State is receiving assistance under this title shall be considered to be receiving Federal financial assistance.

(c) RELIGIOUS DISCRIMINATION.—(1) Except as provided in paragraph (2), an individual with responsibility for the operation of a project funded under this title shall not discriminate on the basis of religion against a youth corps member or a member of the project staff who is paid with funds under this title.

(2) Paragraph (1) shall not apply to the employment, with funds provided under this title, of any member of the staff of a project funded under this title who was employed with the organization operating the project on the date the grant funded under this title was awarded.

SEC. 229. LABOR MARKET INFORMATION.

The Secretary of Labor shall make available to the administering Secretary or to the Assistant Director (whichever the case may be) and to any program agency under this title such labor market information as is appropriate for use in carrying out the purposes of this title.

SEC. 230. REVIEW AND REPORTING REQUIREMENTS.

(a) REPORT TO THE PRESIDENT AND CONGRESS.—The administering Secretary or the Assistant Director (whichever the case may be) shall prepare and submit to the President and to the Congress, at least annually, a report detailing the activities carried out under this title during the preceding fiscal year. Such report shall be submitted not later than December 31 of each year following the date of the enactment of the National Service Act of 1990.

(b) OVERSIGHT.—Each recipient of a grant made under section 216 shall provide oversight of service by any person in an American Conservation Corps or Youth Service Corps project under this Act, and of the operations of any employer of such person, in accordance with procedures established by the administering Secretary or the Assistant Director (whichever the case may be). Such procedures shall include fiscal control, accounting, audit, and debt collection procedures to ensure the proper disbursal of, and accounting for, funds received under this title. In order to carry out this section, each such recipient shall have access to such information concerning the operations of any sponsoring organization as the administer-

ing Secretary or the Assistant Director (whichever the case may be) determines to be appropriate.

(c) ANNUAL REPORT TO THE SECRETARY.—Any recipient of a grant made under this title shall prepare and submit an annual report to the administering Secretary or the Assistant Director (whichever the case may be) on such date as the Secretary shall determine to be appropriate. Such report shall include—

(1) a description of activities conducted by program or project for which such grant was awarded during the year involved,

(2) characteristics of persons serving in such program or project,

(3) characteristics of positions held by such persons,

(4) a determination of the extent to which relevant standards, as determined by the administering Secretary or the Assistant Director (whichever the case may be), were met by such persons and their sponsoring organizations,

(5) a description of the post-service experiences, including employment and educational achievements, of persons who have served, during the year that is the subject of the report, in projects under this title, and

(6) any additional information that the administering Secretary or the Assistant Director (whichever the case may be) determines to be appropriate for purposes of this title.

(d) RESEARCH AND EVALUATION.—The administering Secretary or the Assistant Director (whichever the case may be) shall provide for research and evaluation to—

(1) determine costs and benefits, tangible and otherwise, of work performed under this title and of training and employable skills and other benefits gained by enrollees, and

(2) identify options for improving program productivity and youth benefits, which may include alternatives for—

(A) organization, subjects, sponsorship, and funding of work projects,

(B) recruitment and personnel policies,

(C) siting and functions of facilities,

(D) work and training regimes for youth of various origins and needs, and

(E) cooperative arrangements with programs, persons, and institutions not covered under this title.

(e) TECHNICAL ASSISTANCE.—Each administering Secretary or the Assistant Director (whichever the case may be) shall provide technical assistance to the States, to local governments, nonprofit entities and other entities eligible to participate under this title.

SEC. 231. AUTHORITY OF STATE LEGISLATURE.

Nothing in this title shall be interpreted to preclude the enactment of State legislation providing for the implementation, consistent with this title, of the programs administered under this title.

SEC. 232. AUTHORIZATION OF APPROPRIATIONS AND OTHER FISCAL PROVISIONS.

(a) IN GENERAL.—There are authorized to be appropriated to carry out this title, $83,000,000 for fiscal year 1991 and such sums as may be necessary for each of the 3 succeeding fiscal years.

(b) FISCAL YEAR 1991.—

(1) Of amounts appropriated for fiscal year 1991—

(A) $38,000,000 shall be allocated to carry out part A (the American Conservation Corps),

(B) $28,000,000 shall be allocated to carry out part B (the Youth Service Corps),

(C) $13,000,000 shall be allocated for in-service and postservice education, and

(D) $4,000,000 shall be allocated for national and regional clearinghouses, training and technical assistance activities, provide information and model programs, and for grants.

(2) Funds appropriated under this section shall remain available until expended.

(c) LIMITATION ON APPROPRIATIONS.—Of amounts appropriated to carry out this Act, funds designated for part B shall first be made available for part A of title I of the Domestic Volunteer Service Act in an amount necessary to provide the number of service years required for authorized fiscal year under such Act.

(d) LIMITATIONS ON ADMINISTRATIVE EXPENSES.—The regulations promulgated under this title shall establish appropriate limitations on the administrative expenses incurred by Federal agencies carrying out programs under this Act, including a cost reimbursement system under which the administrative expenses are paid under this title through reimbursement.

(e) CARRYOVER.—Funds obligated for any program year may be expended by each recipient during that program year and the two succeeding program years and no amount shall be deobligated on account of a rate of expenditure which is consistent with the program plan.

SEC. 233. DEFINITIONS.

For purposes of this title the following terms have the following meanings:

(1) The term "crew leader" means an enrollee appointed under authority of this title for the purpose of assisting in the supervision of other enrollees engaged in work projects pursuant to this title.

(2) The term "crew supervisor" means the adult staff person responsible for supervising a crew of enrollees (including the crew leader).

(3) The term "economically disadvantaged" with respect to youths has the same meaning given such term in section 4(8) of the Job Training Partnership Act (29 U.S.C. 1503(8)).

(4) The term "employment security service" means the agency in each of the several States with responsibility for the administration of unemployment and employment programs and the oversight of local labor conditions.

(5) The term "enrollee" means any individual who is enrolled in the American Conservation or in the Youth Service Corps in accordance with section 405.

(6) The term "Indian" means a person who is a member of an Indian tribe.

(7) The term "Indian lands" means any real property owned by an Indian tribe, any real property held in trust by the United States for Indian tribes, and any real property held by Indian tribes which is subject to restrictions on alienation imposed by the United States.

(8) The term "Indian tribe" means any Indian tribe, band, nation, or other group which is recognized as an Indian tribe by the Secretary of the Interior. Such term also includes any Native village corporation, regional corporation, and Native group established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1701 et seq.).

(9) The term "public lands" means any lands or waters (or interest therein) owned or administered by the United States or by any agency or instrumentality of a State or local government.

(10) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

(11) The term "displacement" includes, but is not limited to, any partial displacement through reduction of nonovertime hours, wages, or employment benefits.

(12) The term "program" means activities carried out under part A or part B.

(13) The term "administering Secretary" means for purposes of part A the Secretary of the Interior (in the case of any lands or programs involving the Department of the Interior), or the Secretary of Agriculture (in the case of lands or programs involving the Department of Agriculture).

(14) The term "program agency" means—

(A) any Federal or State agency designated to manage any program in that State, or

(B) the governing body of any Indian tribe.

(15) The term "chief administrator" means the head of any program agency.

(16) The term "applying entity" means any program agency or any nonprofit organization which applies for a grant under section 216.

(17) The term "project" means any activity (or group of activities) which result in a specific identifiable service or product that otherwise would not be done with existing funds, and which shall not duplicate the routine services or functions of the employer to whom enrollees are assigned. In any case where participant activities overlap with the routine services or functions of an employer, no participant shall work in the same project for more than 6 months.

PART E—YOUTH SERVICE CLEARINGHOUSES

SEC. 236. FUNDING.

(a) IN GENERAL.—The Secretary of the Interior and the Director of the Action Agency are each authorized to provide financial assistance to 1 or more national or regional clearinghouses on youth corps and youth service.

(b) PUBLIC AND PRIVATE NONPROFIT AGENCIES.—Public and private nonprofit agencies with extensive experience in youth corps and youth service programming may apply for financial assistance under subsection (a) for clearinghouses.

(c) FUNCTION.—National and regional clearinghouses assisted under subsection (a) shall—

(1) provide information, curriculum materials, technical assistance on program planning and operation, and training to States and local entities eligible to receive funds under this title,

(2) gather and disseminate information on successful programs, components of successful programs, innovative youth skills curriculum, and projects being implemented nationwide, and

(3) make recommendations to States, local entities, and agencies on quality controls to improve program delivery and on changes in the programs under this title.

PART F—COMMUNITY ACTION AGENCIES

For purposes of this title and the amendments made by this title, the terms "community-based organization" and "nonprofit organization" include a community action agency.

The CHAIRMAN. Are there any amendments to title II?

If not, the Clerk will designate title III.

The text of title III is as follows:

TITLE III—PROPOSED MODEL GOOD SAMARITAN FOOD DONATION ACT

SEC. 301. SENSE OF CONGRESS CONCERNING ENACTMENT OF GOOD SAMARITAN FOOD DONATION ACT.

(a) IN GENERAL.—It is the sense of Congress that each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States should—

(1) encourage the donation of apparently wholesome food or grocery products to nonprofit organizations for distribution to needy individuals; and

(2) consider the model Good Samaritan Food Donation Act (provided in section 302) as a means of encouraging the donation of food and grocery products.

(b) DISTRIBUTION OF COPIES.—The Archivist of the United States shall distribute a copy of this Act to the chief executive officer of each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

SEC. 302. MODEL GOOD SAMARITAN FOOD DONATION ACT.

(a) SHORT TITLE.—This section may be cited as the "Good Samaritan Food Donation Act".

(b) DEFINITIONS.—As used in this section:

(1) APPARENTLY FIT GROCERY PRODUCT.—The term "apparently fit grocery product" means a grocery product that meets all quality and labeling standards imposed by Federal, State, and local laws and regulations even though the product may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other condition.

(2) APPARENTLY WHOLESOME FOOD.—The term "apparently wholesome food" means food that meets all quality and labeling standards imposed by Federal, State, and local laws and regulations even though the food may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other condition.

(3) DONATE.—The term "donate" means to give without requiring anything of monetary value from the recipient, except that the term shall include giving by a nonprofit organization to another nonprofit organization, notwithstanding that the donor organization has charged a nominal fee to the donee organization, if the ultimate recipient or user is not required to give anything of monetary value.

(4) FOOD.—The term "food" means any raw, cooked, processed, or prepared edible substance, ice, beverage, or ingredient used or intended for use in whole or in part for human consumption.

(5) GLEANER.—The term "gleaner" means a person who harvests for free distribution to the needy, or for donation to a nonprofit organization for ultimate distribution to the needy, an agricultural crop that has been donated by the owner.

(6) GROCERY PRODUCT.—The term "grocery product" means a nonfood grocery product, including a disposable paper or plastic product, household cleaning product, laundry detergent, cleaning product, or miscellaneous household item.

(7) GROSS NEGLIGENCE.—The term "gross negligence" means voluntary and conscious conduct by a person with knowledge (at the time of the conduct) that the conduct is likely to be harmful to the health or well-being of another person.

(8) INTENTIONAL MISCONDUCT.—The term "intentional misconduct" means conduct by a person with knowledge (at the time of the conduct) that the conduct is harmful to the health or well-being of another person.

(9) NONPROFIT ORGANIZATION.—The term "nonprofit organization" means an incorporated or unincorporated entity that—

(A) is operating for religious, charitable, or educational purposes; and

(B) does not provide net earnings to, or operate in any other manner that inures to the benefit of, any officer, employee, or shareholder of the entity.

(10) PERSON.—The term "person" means an individual, corporation, partnership, organization, association, or governmental entity, including a retail grocer, wholesaler, hotel, motel, manufacturer, restaurant, caterer, farmer, and nonprofit food distributor or hospital. In the case of a corporation, partnership, organization, association, or governmental entity, the term includes an officer, director, partner, deacon, trustee, council member, or other elected or appointed individual responsible for the governance of the entity.

(c) LIABILITY FOR DAMAGES FROM DONATED FOOD AND GROCERY PRODUCTS.—A person or gleaner shall not be subject to civil or criminal liability arising from the nature, age, packaging, or condition of apparently wholesome food or an apparently fit grocery product that the person or gleaner donates in good faith to a nonprofit organization for ultimate distribution to needy individuals, except that this paragraph shall not apply to an injury to or death of an ultimate user or recipient of the food or grocery product that results from an act or omission of the donor constituting gross negligence or intentional misconduct.

(d) COLLECTION OR GLEANING OF DONATIONS.—A person who allows the collection or gleaning of donations on property owned or occupied by the person by gleaners, or paid or unpaid representatives of a nonprofit organization, for ultimate distribution to needy individuals shall not be subject to civil or criminal liability that arises due to the injury or death of the gleaner or representative, except that this paragraph shall not apply to an injury or death that results from an act or omission of the person constituting gross negligence or intentional misconduct.

(e) PARTIAL COMPLIANCE.—If some or all of the donated food and grocery products do not meet all quality and labeling standards imposed by Federal, State, and local laws and regulations, the person or gleaner who donates the food and grocery products shall not be subject to civil or criminal liability in accordance with this section if the nonprofit organization that receives the donated food or grocery products—

(1) is informed by the donor of the distressed or defective condition of the donated food or grocery products;

(2) agrees to recondition the donated food or grocery products to comply with all the quality and labeling standards prior to distribution; and

(3) is knowledgeable of the standards to properly recondition the donated food or grocery product.

(f) CONSTRUCTION.—This section shall not be construed to create any liability.

SEC. 303. EFFECT OF SECTION 302.

The model Good Samaritan Food Donation Act (provided in section 302) is intended only to serve as a model law for enactment by the States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States. The enactment of section 302 shall have no force or effect in law.

The CHAIRMAN. Are there any amendments to title III?

AMENDMENT OFFERED BY MR. TRAFICANT

Mr. TRAFICANT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TRAFICANT: At the end of the bill, insert the following new section:

SEC. . BUY-AMERICAN REQUIREMENT.

(a) DETERMINATION BY THE SECRETARY.—If the Secretary of Education, with the concurrence of the Secretary of Commerce and the United States Trade Representative, determines that the public interest so desires, the Commission is authorized to award to a domestic firm a contract made pursuant to the issuance of any grant made under this Act that, under the use of competitive procedures, would be awarded to a foreign firm, if—

(1) the final product of the domestic firm will be completely assembled in the United States;

(2) when completely assembled, not less than 51 percent of the final product of the domestic firm will be domestically produced; and

(3) the difference between the bids submitted by the foreign and domestic firms is not more than 6 percent.

In determining under this subsection whether the public interest so requires, the Secretary shall take into account United States international obligations and trade relations.

(b) LIMITED APPLICATION.—This section shall not apply to the extent to which—

(1) such applicability would not be in the public interest;

(2) compelling national security considerations require otherwise; or

(3) the United States Trade Representative determines that such an award would be in violation of the General Agreement on Tariffs and Trade or an international agreement to which the United States is a party.

(c) LIMITATION.—This section shall apply only to contracts made related to the issuance of any grant or contract made under this Act for which—

(1) amounts are authorized by this act (including the amendments made by this act) to be made available; and

(2) solicitation for bids are issued after the date of the enactment of this Act.

(d) REPORT TO CONGRESS.—The Secretary shall report to the Congress on contracts covered under this section and entered into with foreign entities in fiscal years 1990 and 1991 and shall report to the Congress on the number of Contracts that meet the requirements of subsection (a) but which are determined by the United States Trade Representative to be in violation of the General Agreement or an international agreement to which the United States is a party. The Secretary shall also report to the Congress on the number of contracts covered under this Act (including the amendments made by this Act) and awarded based upon the parameters of this section.

(e) DEFINITIONS.—For purposes of this section—

(1) SECRETARY.—The term "Secretary" means the Secretary of Education.

(2) DOMESTIC FIRM.—The term "Domestic Firm" means a business entity that is incorporated in the United States and that conducts business operations in the United States.

(3) FOREIGN FIRM.—The term "foreign firm" means a business entity not described in paragraph (2).

Mr. TRAFICANT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRAFICANT. Mr. Chairman, this is a buy-American amendment that has been offered to nearly all the legislation that has come to the floor.

I want to start out by commending the chairman of the committee, the gentleman from California [Mr. HAWKINS], who is serving at the end of his great career, and the ranking minority member, the gentleman from Pennsylvania [Mr. GOODLING].

Mr. Chairman, the amendment is well known to all of the Members of the House, and I ask that it be approved.

Mr. HAWKINS. Mr. Chairman, will the gentleman yield?

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

Mr. HAWKINS. Mr. Chairman, I have no objection to the amendment. The gentleman from Ohio [Mr. TRAFICANT] has, I think, persistently offered this amendment. It has been adopted. It does not in any way hurt the bill. It may do some good.

On that basis, Mr. Chairman, I am willing to accept the amendment of the gentleman from Ohio [Mr. TRAFICANT].

Mr. WALKER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am just interested. As I understand this amendment, it is a "Buy America" amendment. Is that correct?

Mr. TRAFICANT. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Ohio.

Mr. TRAFICANT. That is true, Mr. Chairman.

Mr. WALKER. What are we buying?

Mr. TRAFICANT. It is for any grants or contracts that may be made available under this particular act.

Mr. WALKER. Mr. Chairman, as I understood this, the bill goes to the question of student loans being for--given for volunteers. What would we be buying under that?

Mr. TRAFICANT. Mr. Chairman, it goes beyond that, and it provides for authorization for appropriations as well.

Mr. WALKER. It provides for authorization for appropriations.

Is this in the American Conservation Corps? Is that where the money is?

Mr. TRAFICANT. Under section 123—

Each Youthbuild project shall carry out the services and activities under this subpart directly or through arrangements or under contracts with administrative entities designated under section 103(b)(1)(B) of the Job Training Partnership Act (29 U.S.C. 1501(b)(1)(B)), with State and local educational agencies, institutions of higher education, State and local housing development agencies, and with other public agencies and private organizations.

Mr. WALKER. Mr. Chairman, my understanding of that section was what they were doing was providing for help in terms of getting volunteers in place. Now what are we going to be buying that requires this amendment?

Mr. TRAFICANT. Mr. Chairman, it applies to all elements of the bill, not just to the loan cancellation section, where it would be moot.

Mr. WALKER. Mr. Chairman, section 1 is the loan cancellation section though. The gentleman from Ohio [Mr. TRAFICANT] quoted to me from section 1. That is the loan section of the bill.

Mr. TRAFICANT. All materials, all goods that would be purchased by anyone who would be receiving a contract under the bill, subject to any appropriation so listed and authorized by the act.

Mr. Chairman, I think it speaks for itself.

Mr. WALKER. I thank the gentleman from Ohio [Mr. TRAFICANT].

Mr. Chairman, I wonder whether or not we are not in a pretty superfluous area here, but I thank the gentleman for his explanation.

Mr. GUNDERSON. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Wisconsin.

Mr. GUNDERSON. Mr. Chairman, let us pursue this a little bit further.

As I understand the basic thrust of the bill, it has three sections. Really one is grants to local States and local education agencies for voluntarism. The second title is the deferment in the waiver of student loans. The third is the Conservation Corps. That type of thing.

Under that, then I assume that anybody who gets a grant, any school would have to fill out the paperwork to verify that all of their money was used to buy American products.

Mr. WALKER. Mr. Chairman, I assume that is the case. There obviously has to be some kind of verification in this. We are right back into the whole business of bureaucracy that my colleagues and I were concerned about in the beginning, that someone is going to have to fill out the paperwork, verify that this is happening as a part of the volunteer program.

I mean once again it is Big Brother Federal Government, because I assume then that all of these places that are getting moneys under the program are now going to have to assure everybody in sight that they are not buying anything that has any kind of a foreign name on it so that they are certainly going to have to certify that as part of the program.

□ 1520

Mr. TRAFICANT. Mr. Chairman, will the gentleman yield?

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

Mr. TRAFICANT. Mr. Chairman, it is subject to the exceptions and limitations the bill has had in the past. If it contradicts or is in opposition to any existing laws, it can be waived. What it basically states is that for any money under this particular act for the administration or operation or purchasing, it would give preference to the fact that it would be given to an American firm.

Mr. WALKER. Mr. Chairman, I thank the gentleman for his explanation. Our point is that we know it is in compliance with all the laws. The problem is that all of the laws increase the paperwork.

I think the gentleman from Wisconsin stated it correctly, and my point would be that we are adding more paperwork. I assume there is some sort of certification procedure required.

Mr. TRAFICANT. As this has been offered to every bill, it does require some paperwork, but there will be some paperwork needed if we try to provide for the purchase of American-made goods. I think it is a worthy effort as well.

Mr. WALKER. Mr. Chairman, I thank the gentleman for his helpful comments, because he once again raises the point I made earlier in the debate, and that is that we are in the process here of making volunteers of Federal bureaucrats. This is one more nail in the coffin of voluntarism. I understand this has been accepted, but it does not sound like a very good idea for the benefit we are going to get from it.

Mr. TRAFICANT. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Ohio.

Mr. TRAFICANT. Mr. Chairman, I differ from that on one point. Congress had stated that it is very important that we reinforce volunteer opportunities. All I am doing is reinforcing within the contest of congressional goals and intents that if there are purchases to be made, they may be made from American firms.

Mr. WALKER. Again I would say to the gentleman that the problem is that we are also creating a whole host of bureaucratic paperwork to go with his certification.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

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

Mr. GOODLING. Mr. Chairman, I am "Buy American" from the word "go." The only thing I think we should point out is that we want to see that nobody is blindsided, because every college and university, I suppose,

will be affected by this amendment because it would be they who would be forgiving the loan, and, therefore, I suppose they would be affected by it.

Mr. WALKER. In other words, the gentleman's understanding of this is that if a college or university was forgiving the loan, they would now be covered under a "Buy American" provision. So in fact if they went out and bought some Panasonic equipment to use in their audio-visual programs, they may in fact come under the coverage of this bill because they are forgiving student loans?

Mr. GOODLING. I am not sure, but I would assume that is true.

Mr. WALKER. That could get a little worrisome if we have that kind of problem.

Mr. TRAFICANT. Mr. Chairman, will the gentleman yield?

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

Mr. TRAFICANT. If we could clarify that, the university would not be subject to all of its purchases on the strength of this bill.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. WALKER] has expired.

(By unanimous consent, Mr. WALKER was allowed to proceed for 2 additional minutes.)

Mr. TRAFICANT. Mr. Chairman, will the gentleman yield further?

Mr. WALKER. I yield to the gentleman from Ohio.

Mr. TRAFICANT. Mr. Chairman, only those elements subject to this act would be covered in accordance with this Buy American provision. So it is not an omnibus provision. It does not mean that because there is a contract given to a university, all of their funds, because of that contract, is subject to this. What would be subject to this is all those elements involved in the contract subject to this particular act, and that act alone.

Mr. WALKER. Mr. Chairman, I thank the gentleman for his explanation, but the vice chairman of the committee seems to have a different interpretation, and I am sure he has consulted with counsel and at least has raised that question. So it seems to me we want to make absolutely certain that that is not the case. Nevertheless, it appears to me that what we have done here is we have created one more section of paperwork blizzard for these universities.

Mr. HAWKINS. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the chairman of the committee.

Mr. HAWKINS. Mr. Chairman, for clarification, I understand the gentleman's point in opposition. I think they are well taken.

I would assume, however, that any of those receiving money under this program, this operating program, the volunteer service program, and so forth, would be filling out forms, and I envision that it only takes one line. That is my assumption in accepting such an amendment. It takes one line on such a form, and you are asked, if you have done so, in the purchase of goods and services, "Have you complied with the Buy American concept?" So I would think, and I may be wrong, that it is just as simple as that.

If it takes a lot of paperwork and bureaucratic redtape, then I obviously would not even want to accept the amendment, although I agree with the spirit of it.

Does the gentleman envision that it would take more than possibly a line of certifying as to the origin of goods and services in compliance with the program?

Mr. WALKER. Well, does the gentleman have the same kind of concern that the gentleman from Pennsylvania expressed, that since colleges and universities, for instance, would be the institutions giving forgiveness on this, they, in fact, could end up being covered under this Buy American provision for a broad base of the programs they have at the university level?

Mr. HAWKINS. I would assume it applies only to the National Service Act part of it and would not apply across the university level. I think that is the intent of it. I think we are reading into the intent what is strictly in compliance with the National Service Act.

Mr. WALKER. The gentleman heard, as I am sure I did, that the gentleman from Ohio at one point quoted to us from section 1 of this bill, which is basically the loan forgiveness section of the bill. So some of us are a little concerned about just exactly what these provisions may mean to a whole host of institutions across the country.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. TRAFICANT].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SOLOMON

Mr. SOLOMON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SOLOMON: Page 118, after line 17, insert the following new title:

TITLE IV—MILITARY SELECTIVE SERVICE PROVISIONS

SEC. 402. SELECTIVE SERVICE REGISTRATION.

(a) REGISTRATION REQUIRED.—An individual who—

(1) is or was required to register under section 3 of the Military Selective Service Act (50 U.S.C. App. 453); and

(2) is not so registered or knowingly and willfully did not so register before the requirement terminated or became inapplicable to the individual,

shall not be eligible to participate in a service program established under this Act.

(b) ENFORCEMENT.—The head of each agency of the Federal Government administering a service program under this Act shall ensure that each individual participating in that service program has not violated section 3 of the Military Selective Service Act (50 U.S.C. App. 453) by not submitting to registration as required under that section.

Mr. SOLOMON. Mr. Chairman, I will be very brief.

This amendment is similar to many that I have offered on this floor in the past which have been overwhelmingly accepted and, incidentally, upheld before the U.S. Supreme Court.

The bill before us waives the obligtion for students to pay back their college loans and grants if they are employed in programs covered under this legislation. When we have young patriotic American men and women serving as reservists in the Persian Gulf today at substantial financial hardship, we certainly do not want to be canceling college loans and grants for young men who would refuse to register for the draft. It is as simple as that. This simply writes into the law that they must be registered for the draft if they are going to participate in these programs.

Mr. Chairman, I hope the membership will accept the amendment.

Mr. HAWKINS. Mr. Chairman, will the gentleman yield?

Mr. SOLOMON. I yield to the chairman of the committee.

Mr. HAWKINS. Mr. Chairman, the gentleman is correct in his explanation. It has been consistently accepted, and I am pleased to assure the gentleman that we again accept it.

Mr. SOLOMON. Mr. Chairman, I thank the gentleman.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. SOLOMON. I yield to the ranking member.

Mr. GOODLING. Mr. Chairman, I am happy to accept the gentleman's amendment.

Mr. SOLOMON. Mr. Chairman, I thank the gentleman from Pennsylvania.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. SOLOMON].

The amendment was agreed to.

The CHAIRMAN. Are there other amendments to the bill?

Mr. GUNDERSON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the reason I am taking time at this point in the debate is because it seems that for some reason Members spend a lot more of their time, energy, and attention on the debate once we get to the amendment process than they do during general debate on legislation. So I wanted to take a little time to again reflect on what we are doing here today.

I frankly am frustrated. I am frustrated because under guise of being for or against voluntarism, we frankly are throwing away taxpayers' dollars. Imagine, if you can, a situation where

the Government of the United States has a major deficit, where the President has brought together the leadership of both parties, where they have gone off of Capitol Hill and they have gathered for intensive negotiations to try to figure out a way to come up with at least $50 billion in deficit reduction this year and at least $500 billion in deficit reduction over 5 years, because that is what the experts say is going to be absolutely essential in order to keep the economy of that nation running.

□ 1530

While they are doing that, the Congress of the United States is in session, and while they are in session they take up some legislation that says in order to promote voluntarism in this country, we are going to setup a new Federal program, new Federal bureaucracy, rules, regulations, paperwork, inspectors, auditors, and everything else. Then what we are going to do is provide all kinds of incentives and payments to get that done.

Now, think about what that is in that legislation. In title I of the legislation that is in front of us, the first thing we are going to do is we are going to take and spend $10 million, $20 million, $30 million, $35 million for school-based community service.

Do you know what that is? We are going to send Federal money down to the administrators and teachers to promote voluntarism in their school.

The next thing we are going to do is take $10 million, $20 million, $30 million, $35 million, and we are going to give grants to higher education, to expand or create service opportunities. That is in essence part of what we are going to do to encourage students to participate. And if they do, we will defer their loans. And if they go into the right profession, I guess we might even do something else. We are going to take $10 million and put that to a youth bill project. You ought to read the youth bill project in here. You can only work for it 6 months at a minimum, 18 months at a maximum. And if you want to take training after work, education and training, you are going to be allowed to.

Then what we are going to do is take another $10 million, another $20 million, another $30 million, and we are to spend that on various targeted demonstration projects. Now, what is that? That is the program we were just talking about over here where if you are a professional, full-time paid professional, and you happen to be in drug prevention, we are not going to defer your loan, we are going to forgive it.

We do not have any apologies to the policeman working for the same police force who came out of the same college who gets the same salary, but he is on the front line of the streets, because he is not a drug professional per se.

Then we are going to go on to title II of this bill and we are going to create an American Conservation Corps. Now, listen to this: $10 million, $20 million, $30 million, $40 million, $50 million, $60 million, $70 million, $80 million, $83 million.

What are we going to do with those $83 million? Public works programs. And if they have time and interest after school, we will give them aid and training.

Do you know what has happened? We have just authorized $193 million in new spending in one little bill for voluntarism. Millions turn into billions; billions turn into trillions. That, ladies and gentlemen, is how the Congress of the United States creates the national debt we have today.

The CHAIRMAN. Are there other amendments?

AMENDMENT OFFERED BY MR. WALKER

Mr. WALKER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALKER: Add a new section to the end of the bill.

No individual may participate in programs assisted under this Act if such individual has been convicted of use, possession or distribution of controlled substances.

Mr. WALKER. Mr. Chairman, this is a fairly straightforward amendment. It just makes clear that we are not wanting to have people who are involved in the drug trade participating under this particular program. The bill speaks to people being convicted, so that mere indication that someone had used drugs would not be enough. But if you have actually been convicted of use of drugs, if you have been convicted of distribution of drugs, if you have been convicted of possession of drugs, then you would not be eligible for participation under the programs outlined here.

It seems to me that this sends one more signal that as we move into some of these areas, that we are not going to allow the drug culture to move with us, that we are going to assure that programs that are forgiving student loans and doing other kinds of things are done for people who have remained drug free.

Mr. Chairman, that is, I think, the fairly straightforward nature of the amendment. I would urge its adoption.

Mr. HAWKINS. Mr. Chairman, I rise in opposition to the amendment. Apparently it is an 11th hour attempt to just confuse further the proposal. I think the proposal is straightforward. It is to encourage volunteers in service to the country.

The amendment itself says that no individual who has been convicted of use, possession, or distribution of controlled substances would be able to offer their volunteer service to the Nation.

Mr. Chairman, it would seem to me that these are some of the individuals we would want to encourage to do that. As a matter of fact, in many instances, the courts command them to do so as a condition of whatever sentence is handed down. They are sometimes mandated to engage in some type of community service. This would deny to the courts their discretion to do so.

Mr. Chairman, I do not think the amendment is well thought out. I think it is well-motivated, but I do not think it is well thought out. Certainly, it has not been discussed in any of the hearings, and I think that it would work mischief on the very program.

Mr. Chairman, if we want volunteers, we want everyone to the extent humanly possible to engage in the volunteer service. This would preclude some of the individuals whom I think we should rather mandate almost, and not wait for volunteers to do so. For that reason, I would oppose the amendment.

Mr. PETRI. Mr. Chairman, would the gentleman yield?

Mr. HAWKINS. I am glad to yield to the gentleman from Wisconsin.

Mr. PETRI. Mr. Chairman, it seems to me that the amendment of the gentleman from Pennsylvania [Mr. WALKER] is probably at least as well thought out and will help this bill as much as the amendment of the gentleman from Ohio which was accepted just a minute ago. The bill will go to conference anyway. Both provisions would be conferenceable.

Mr. Chairman, there is some indication we may have a rollcall vote on the amendment. It might be better just to accept it, and then if there is a problem with it, we could work it out.

Mr. HAWKINS. Mr. Chairman, reclaiming my time, I did not mean it was not well thought out in terms of its intent, because it has been offered before this. I think that the gentleman from Pennsylvania [Mr. WALKER] is sincere in offering it. However, I do not think that the gentleman would agree that if the court, let us say, commanded an individual that had been engaged in some way with the use, possession or distribution of a controlled substance, that the court would not have the privilege of mandating as a part of the sentence some type of community service. That is just one instance.

The gentleman, as I understand it, has also raised the objection about redtape or bureaucratic problems with the bill. This certainly would add to some of those, if the "Buy American" does not, and I was not extremely enthused about that amendment. But I did not see that that could do any harm. I can see instances in which this could do harm, and I just pointed out one instance.

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

Mr. HAWKINS. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, I thank the gentleman for yielding. First of all, I do not think there is anything in this amendment which suggests the court could not mandate somebody to do community service. But if they did community service under a court mandate, they could not get their loan forgiven.

Mr. Chairman, it seems to me that it is perfectly logical. Why, if the court is mandating a punishment, should the result of that be they get their loan forgiven?

Mr. HAWKINS. Mr. Chairman, reclaiming my time, this bill goes far beyond loan forgiveness. That is only a phase of it.

Mr. WALKER. Mr. Chairman, if the gentleman will yield further, there is nothing in the bill or in this amendment that would stop the courts from ordering somebody into community service. But I would tell the gentleman from California [Mr. HAWKINS] that when the court orders somebody into community service, it is usually as a punishment, and that is not voluntarism. It is being done as punishment.

Mr. Chairman, all I am suggesting here is that we ought not be distributing benefits to people who are drug users, to people who are drug dealers. That is what this amendment says. I cannot imagine why we would want to send any other signal.

Mr. HAWKINS. Mr. Chairman, reclaiming my time, it could be the use of marijuana I would assume.

Mr. WALKER. Marijuana is a controlled substance.

Mr. HAWKINS. Some individual at an early age could be convicted of marijuana, who will be denied the opportunity to volunteer.

□ 1540

As I say, it goes far beyond being loan forgiveness. It is national service of all kinds, and it would go far beyond just forgiveness.

The CHAIRMAN. The time of the gentleman from California [Mr. HAWKINS] has expired.

(On request of Mr. WALKER and by unanimous consent, Mr. HAWKINS was allowed to proceed for 2 additional minutes.)

Mr. WALKER. If the gentleman will continue to yield, nothing would stop them from volunteering. They obviously can volunteer and do whatever they want. But they cannot be assisted under this act.

Mr. HAWKINS. The program could be assisted, and they could volunteer for the program.

Mr. WALKER. But this speaks to the individual, "No individual may participate."

Mr. HAWKINS. But it says, "No individual may participate in programs assisted under this act."

Mr. WALKER. I see what the gentleman is saying, in that case, if the program receives any assistance. But I would say to the gentleman that my understanding of the bill is that you are not giving the money to individual programs in that sense. That money is going to States, it is going to localities and so on, so you do not have any kind of a situation arising under this particular amendment.

Once again, I would say to the gentleman that the intent of this amendment certainly is that we are going to keep people out who are drug dealers and drug users, and I cannot imagine that we do not want to do that.

Mr. HAWKINS. If I may say to the gentleman from Pennsylvania, may I illustrate this way: I visited a conservation corps in San Francisco, a very excellent, well recognized program. The young people on that program clean up the street, they do the work of revitalizing buildings, of going down the alleyways and collecting trash, and things of that nature. That is a program which probably would be assisted under this act. The gentleman is saying that an individual may not participate in that program if that individual in early life had been convicted, let us say, of possession of marijuana, and the gentleman from Pennsylvania would say forever. There is no time limit on this.

Mr. WALKER. If the gentleman will yield, I see the point he is making. I think it is a good point, and I am perfectly willing to modify the amendment to take out the words "may participate in programs," so that we make it directly on the individual, and say, "No individual assisted under this act if such individual has been convicted."

Mr. HAWKINS. That is why I say at the 11th hour an amendment of this nature, we have not had an opportunity really to perfect it, and it is very difficult to oppose it because the thought is OK. But this goes too far it seems to me, and it would be an individual who has been convicted, one who has served one's time, who has paid one's debt to society, and they are forever foreclosed from the opportunity, that individual, of participating in any program or being eligible to volunteer. It seems to me that we are looking for volunteers.

Personally, I think most of these volunteers should be paid. They are doing a service for which I think society benefits, and I think we should be paying most of them. But out of the goodness of their heart they want to volunteer, and it seems to me we want to encourage everyone to do so.

Mr. GUNDERSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. GUNDERSON. Mr. Chairman, I take the time because I think this issue needs to be resolved a little bit more before we go to a vote. I think the intent of all of us is the same here.

If I can have the attention of the gentleman from Pennsylvania [Mr. WALKER], I think what we are trying to do is say that loans ought not be deferred or canceled for people in this area. I think the concept of saying that anyone who has ever been convicted of a drug violation cannot participate in a volunteer program, cannot participate in the Conservation Corps, the chairman is right. That is the kind of individual the program is made for. So I think what we are trying to do is get this only at the loan deferments and forgivenesses.

Is that the intent of the gentleman from Pennsylvania?

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

Mr. GUNDERSON. I yield to the gentleman from Pennsylvania.

Mr. WALKER. The intent of this gentleman is that we do not have druggies who are getting Federal benefits. One of the ways in which we can prevent that is to assure that as we create programs we keep people out who are or who have been involved in the drug culture, and we make very clear that the Federal Government is not going to permit that to happen. So that is the intent of this amendment.

MODIFICATION OF AMENDMENT OFFERED BY MR. WALKER

Mr. WALKER. Mr. Chairman, as I say, I would be willing to change this. I would ask unanimous consent that in the amendment at the desk the words "participate in programs" be stricken, and that the world "be" be inserted after the word "may," so that the amendment would read, "No individual may be assisted under this Act if such individual has been convicted of use, possession or distribution of controlled substances."

The CHAIRMAN. Is there objection to the modification offered by the gentleman from Pennsylvania?

There was no objection.

The text of the amendment, as modified, is as follows:

Add a new section to the end of the bill.

No individual may be assisted under this Act if such individual has been convicted of use, possession or distribution of controlled substances.

Mr. GUNDERSON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am wondering, part of our problem here is apparently that we have gone beyond the particular title of the bill so that what we need to do is ask unanimous consent that the amendment refer to the title of the bill dealing with student loans, and also ask unanimous consent to go back to that section of the bill. Is that acceptable?

Mr. HAWKINS. Mr. Chairman, will the gentleman yield?

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

Mr. HAWKINS. Mr. Chairman, I am not so sure that corrects it. It certainly would improve it. But I am thinking of the fact that you are saying, individuals who may be benefited under this; you are not talking only of those volunteers, but the volunteers who helped to provide benefits for individuals under the act. If we go that far, there may be some way that we could reach it, and I am just wondering how we could accommodate the amendment.

Mr. GUNDERSON. If the gentleman will defer to me, if we go back to that section dealing only with the student loans, that title of the bill, and we only make it applicable there, that may cure the problem.

Mr. HAWKINS. I would prefer we do that. I would certainly not object, but I would indicate with reservations that I would not commit myself to fight even for that type of a redrafted amendment unless we can see the language and study the language.

We could do it tentatively, obviously, and I would not call for a roll call vote if the Members voted to accept it. I would go for it. I would consent to go back and apply it to that section.

Mr. WALKER. Mr. Chairman, if the gentleman will yield, maybe we can do it without actually going back, and so on. I can put into the amendment the language, "under title I, subpart 4 of the act." That way it would deal with that particular section of the bill.

So it would read: "No individual may be assisted under title I, subpart 4 of the act if such individual has been convicted."

Mr. HAWKINS. Relating to direct loans.

FURTHER MODIFICATION TO AMENDMENT OFFERED BY MR. WALKER

The CHAIRMAN. Will the gentleman from Pennsylvania [Mr. WALKER] please restate his unanimous-consent request?

Mr. WALKER. We will get it right in a minute, Mr. Chairman. It would be, "No individual may be assisted under," and then the words "title I, subpart 4 of the act," and so forth.

The CHAIRMAN. Is there objection to the further modification offered by the gentleman from Pennsylvania?

There was no objection.

The text of the amendment, as further modified, is as follows:

Add a new section to the end of the bill.

No individual my be assisted under title I Subpart 4 of the act if such individual has been convicted of use, possession or distribution of controlled substances.

Mr. CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. WALKER], as modified.

The amendment, as modified, was agreed to.

Mr. PETRI. Mr. Chairman, I move to strike the last word.

My colleagues, I think we are just about through with the debate on this bill. At least this Member is not aware of any other amendments that Members intend to offer.

I think this has been, at least to me, and I think perhaps to a few others, an interesting debate. But I thought I owed it to my colleagues, particularly in this debate, to state why I do oppose this legislation.

I think in the United States we have a very unique sector of our society. It is stronger and more vital in our country than I believe in any other in the world, and that is the volunteer sector.

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Everything in the United States is not consumed by the Government sector as it is in some societies, or by the private sector or a feudal sector the way it might be in some others. We have this sort of great mediating sector between the private sector and the Government sector which is the voluntary sector. It includes all sorts of religious organizations, community service organizations, a thousand and one different organizations.

There is not a town in my district out in Wisconsin that could function as a community as well as it does if it did not have the local Lions Club and the Kiwanis Club and the Rotary Club and, yes, the YMCA, and you name it, the DeMolay, and a hundred others, private, nongovernment, nonprofit, voluntary organizations. If they were to try to use the Government to try to build a swimming pool or a tennis court, it would be a big political controversy. If it is done because the firemen put on a picnic or some organization does it, everyone pitches in and helps, and it unifies the community rather than dividing the community.

I think that is a very important sector of our life and of our society, and I am just very afraid that if we get the Government involved in it in the wrong way, you will end up drying it up rather than helping it.

I say that because I have experienced that in my own life as a volunteer and as a citizen and an attorney in these sorts of organizations in the community. I can remember as a young member of the Fond du Lac County Bar Association volunteering, as did all of the other members of that association, to devote a week of our time, each of us, and there were about 50 members of the county bar, to take any case that could come in. We would go down to the local courthouse, and it was well advertised and publicized. Any citizens who would come in who could not afford to pay for their divorce or to pay for their dispute with their landlord or whatever the case happened to be, we would volunteer and take that case and pursue it no matter how long it took, if it took a year or 2 years, fine. What happened? Why, the Federal Government came in with some well-meaning, I am sure, people. They wanted us to fill out little forms about how much time we were spending doing this, and, by George, it started totaling up to 1 man-year worth of work, and they said, "Well, we have got to go hire a lawyer to go out and do this." Then the lawyer needed a secretary. Then they needed a coordinator, and suddenly we had a new bureaucracy in the community. I suspect fewer people actually were helped who had disputes as a result than had been helped before.

I served at one point on a Salvation Army board in our community, and this organization is a wonderful organization. It helps those who have no friends, who are destitute, who have no place to stay even, or anything to eat, the people who are at the very end against the wall, the homeless, and it has been out there for years doing it on a voluntary basis.

I can tell you that in our community, in my experience, over and over again, Government programs ended up replacing, driving out, this voluntary effort and doing the job worse rather than better and at much greater cost to the community.

So I am very concerned that, as I said at the opening, rather than fostering volunteers, and I should add that I have voted for, and I continue to vote for, the title II part of this bill having to do with the Civilian Conservation Corps, helping young people. I think that is a good idea. The administration happens to oppose it, but I have voted for it in the past, and I will vote for it again, but not getting under the guise of voluntarism, calling voluntarism things that are paid and are going to have to be regulated and be accountable and buying American and a hundred and one other things that will make it impossible for people to function efficiently and get the job done of helping in their own community. They will not really be able to participate in it. This is not going to help people in Monroe, WI, or in most of the counties in my district. There are going to be $3 million to $4 million for the entire State of Wisconsin, and I suspect for people to participate, if they were to try, it would end up costing more than twice that for them to actually participate if they were to actually figure it out and comply.

Mr. Chairman, I urge my colleagues to vote against this legislation.

The CHAIRMAN. If there are no further amendments, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. MAZZOLI] having assumed the chair, Mr. OBEY, Chairman 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. 4330) to establish school-based and higher education community service programs, to establish youth service programs, and for other purposes, pursuant to House Resolution 463, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment. The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

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

AUTHORIZING CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 4330, NATIONAL SERVICE ACT OF 1990

Mr. HAWKINS. Mr. Speaker, I ask unanimous consent that, in the engrossment of the bill, H.R. 4330, the Clerk be authorized to make corrections in section numbers, punctuation, citations, and cross-references, and to make such other technical and conforming changes as may be necessary to reflect the actions of the House in amending the bill.

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

There was no objection.

GENERAL LEAVE

Mr. HAWKINS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on H.R. 4330, the bill just passed.

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

There was no objection.

Mr. HAWKINS. Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor be discharged from further consideration of the Senate bill (S. 1430) to enhance national and community service, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

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

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1430

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

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "National and Community Service Act of 1990".

(b) TABLE OF CONTENTS.—The table of contents is as follows:

SEC. 2. FINDINGS.

Congress finds that—

(1) service to the community and the Nation is a responsibility of all citizens of the United States, regardless of the economic level or age of such citizens;

(2) citizens of the United States who become engaged in service at a young age will better understand the responsibilities of citizenship and continue to serve the community into adulthood;

(3) serving others builds self-esteem and teaches teamwork, decision making, and problem-solving;

(4) the 70,000,000 youth of the United States who are between the ages of 5 and 25 offer a powerful and largely untapped resource for community service;

(5) conservation corps and human service corps provide important benefits to participants and to the community;

(6) the Volunteers in Service to America Program (hereinafter in this Act referred to as "VISTA"), as established by title I of the Domestic Volunteer Act of 1973 (42 U.S.C. 4951 et seq.), is one of the most cost effective means of fighting poverty in the United States;

(7) the cost of higher education, loan indebtedness, and the high price of housing deter many young adults from volunteering for service programs that involve a substantial time commitment;

(8) older Americans, through the Older American Volunteer Programs (as established by title II of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5001 et seq.)), provide 500,000,000 hours of service each year and are a vital force in addressing national problems;

(9) the VISTA and Older American Volunteer Programs have recently been expanded and are an important part of the national and community service effort of the United States;

(10) many Americans cannot participate in a full-time service program, but should have the option of part-time service; and

(11) a range of full-time and part-time national and community service opportunities should be made available to all citizens, particularly youth and older Americans.

SEC. 3. PURPOSES.

It is the purpose of this Act to—

(1) renew the ethic of civic responsibility in the United States;

(2) ask citizens of the United States, regardless of age or income, to engage in full-time or part-time service to the Nation;

(3) begin to call young people to serve in national service programs;

(4) enable young Americans to make a sustained commitment to national service by removing barriers to such service that have been created by high education costs, loan indebtedness, and the cost of housing;

(5) build on the existing organizational framework of Federal, State, and local programs and agencies to expand full-time and part-time service opportunities for all citizens, particularly youth and older Americans;

(6) involve participants in activities that would not otherwise be performed by employed workers; and

(7) generate 100,000,000 additional service hours each year to help meet human, educational, environmental, and public safety needs, particularly those needs relating to poverty.

TITLE I—NATIONAL AND COMMUNITY SERVICE STATE GRANT PROGRAM

Subtitle A—General Provisions

SEC. 101. DEFINITIONS.

As used in this title:

(1) ADULT VOLUNTEER.—The term "adult volunteer" means—

(A) an individual who is beyond the age of compulsory schooling, including an older American, an individual with a disability, and a parent;

(B) an employee of a private business;

(C) an employee of a public or nonprofit agency; or

(D) any other individual working without financial renumeration in an education institution to assist students or out of school youth.

(2) COMMISSION.—The term "Commission" means the Commission on National and Community Service established under section 190.

(3) COMMUNITY-BASED AGENCY.—The term "community-based agency" means a private nonprofit organization that is representative of a community or a significant segment of a community and that is engaged in meeting human, educational, or environmental community needs, including, but not limited to, churches and other religious entities.

(4) CREW SUPERVISOR.—The term "crew supervisor" means the adult staff individual who is responsible for supervising a crew of participants, including the crew leader.

(5) EDUCATION INSTITUTION.—The term "education institution" means a local educational agency, elementary or secondary school, including, but not limited to, private sectarian and nonsectarian schools, library or a community-based agency that provides educational services.

(6) ELEMENTARY SCHOOL.—The term "elementary school" has the same meaning given such term in section 1471(8) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2891(8)).

(7) INDIAN LANDS.—The term "Indian lands" means any real property owned by an Indian tribe, any real property held in trust by the United States for Indian tribes, and any real property held by Indian tribes that is subject to restrictions on alienation imposed by the United States.

(8) INDIAN TRIBE.—The term "Indian tribe" means an Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.) that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

(9) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the same meaning given such term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(10) LOCAL EDUCATIONAL AGENCY.—The term "local educational agency" has the same meaning given such term in section 1471(12) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2891(12)).

(11) LOCAL GOVERNMENT AGENCY.—The term "local government agency" means a public agency that is engaged in meeting human, social, educational, or environmental needs.

(12) OUT-OF-SCHOOL YOUTH.—The term "out-of-school youth" means an individual who—

(A) has not attained the age of 27;

(B) has not completed college or the equivalent thereof; and

(C) is not enrolled in an elementary or secondary school or institution of higher education.

(13) PARTICIPANT.—The term "participant" means an individual enrolled in a program that receives assistance under this title.

(14) PARTNERSHIP PROGRAM.—The term "partnership program" means a program through which adult volunteers, public or private agencies, including, but not limited to, churches and other religious entities, institutions of higher education, community organizations, or businesses assist an education institution.

(15) PLACEMENT.—The term "placement" means the matching of a participant with a specific project.

(16) PROGRAM.—The term "program" means an activity carried out with assistance provided under this title.

(17) PROGRAM AGENCY.—The term "program agency" means—

(A) a Federal or State agency designated to manage a youth service corps program;

(B) the governing body of an Indian tribe that administers a youth service corps program; or

(C) a local applicant administering a youth service corps program.

(18) PROJECT.—The term "project" means an activity that results in a specific identifiable service or product that otherwise would not be done with existing funds, and that does not duplicate the routine services or functions of the employer to whom participants are assigned.

(19) PUBLIC LANDS.—The term "public lands" means any lands or waters (or interest therein) owned or administered by the United States or by an agency or instrumentality of a State or local government.

(20) SECONDARY SCHOOL.—The term "secondary school" has the same meaning given such term in section 1471(21) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2891(21)).

(21) SERVICE OPPORTUNITY.—The term "service opportunity" means a program or project that enables students or out-of-school youth to perform meaningful and constructive service in agencies, institutions, and situations where the application of human talent and dedication may help to meet human, educational, linguistic, and environmental community needs, especially those relating to poverty.

(22) SPECIAL SENIOR SERVICE MEMBER.—The term "special senior service member" means an individual who is age 60 or over and willing to work full-time or part-time in conjunction with a full-time national service program.

(23) SPONSORING ORGANIZATION.—The term "sponsoring organization" means an organization, eligible to receive assistance under this title, that has been selected to provide a placement for a participant.

(24) STATE.—The term "State" means each of the several States, the District of Colum-

bia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, or Palau.

(25) STATE EDUCATIONAL AGENCY.—The term "State educational agency" has the same meaning given such term in section 1471(23) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2891(23)).

(26) STUDENT.—The term "student" means an individual who is enrolled in an elementary or secondary school or institution of higher education on a full- or part-time basis.

(27) SUMMER PROGRAM.—The term "summer program" means a youth service corps program authorized under this title that is limited to the months of June, July, and August.

(28) YOUTH SERVICE CORPS PROGRAM.—The term "youth service corps program" means a program, such as a conservation corps or human services corps program, that offers full-time, productive work (to be financed through stipends) with visible community benefits in a natural resource or human service setting and that gives participants a mix of work experience, basic and life skills, education, training, and support services.

(29) YOUTH COMMUNITY SERVICE PROGRAM.—The term "youth community service program" means a program in which students or out-of-school youths are offered service opportunities in the community or an educational institution.

SEC. 102. AUTHORITY TO MAKE STATE GRANTS.

The Commission may, in accordance with the provisions of this title, make grants to States, or to local applicants, to enable such States or applicants to carry out national or community service programs under subtitles B, C, D, or E.

Subtitle B—School and Community Based Service

SEC. 110. SHORT TITLE.

This subtitle may be cited as the "Service America, the Service to America Act of 1990".

SEC. 111. GENERAL AUTHORITY.

The Commission may make grants under section 102 to States or local applicants for the creation or expansion of service opportunities for students and out-of-school youth and to increase the number of community members, particularly senior citizens, who are volunteering in schools.

SEC. 112. LOCALITY APPLICATION.

If a State does not apply for assistance under this subtitle or if a State does not have an application approved under section 113, the Commission may make grants directly to local applicants. The Commission shall apply the criteria described in section 114 in evaluating such local applications.

SEC. 113. STATE APPLICATION.

To be eligible to receive a grant under this subtitle a State, acting through the State educational agency, shall prepare and submit, to the Commission, an application at such time, in such manner, and containing such information as the Commission shall reasonably require, including a description of the manner in which—

(1) local applications will be ranked by the State according to the criteria described in section 114, and in a manner that ensures the equitable treatment of local applications submitted by both educational and non-educational institutions;

(2) service programs within the State will be coordinated;

(3) cooperative efforts among education institutions, local government agencies, community-based agencies, businesses, and State agencies to provide service opportunities, including those that involve the participation of urban, suburban, and rural youth working together, will be encouraged;

(4) economically and educationally disadvantaged youths, including individuals with disabilities, youth with limited basic skills or learning disabilities, and youth who are in foster care, are assured of service opportunities;

(5) service programs that receive assistance under this subtitle will be evaluated;

(6) programs that receive assistance under this subtitle will serve urban and rural areas and any tribal areas that exist within such State;

(7) technical assistance and training will be provided to service programs within the State;

(8) non-Federal and other types of Federal assistance will be used to expand service opportunities for students and out-of-school youth; and

(9) information and outreach services will be disseminated and utilized to ensure the involvement of a broad range of organizations, particularly community-based organizations.

SEC. 114. LOCAL APPLICATIONS.

(a) APPLICATION REQUIRED.—

(1) PARTNERSHIP.—

(A) IN GENERAL.—Any education institution, local government agency, community-based agency, or consortia thereof that desires to receive a grant—

(i) from a State that has received assistance under this subtitle; or

(ii) in the case of a State that does not apply for assistance under this subtitle or have an application approved under section 113, directly from the Commission;

shall form a partnership consisting of one or more education institutions and one or more local government or community-based agencies.

(B) EXCEPTION.—The provisions of subparagraph (A) shall not apply if the applicant is—

(i) an education institution that intends to provide service opportunities solely within such education institution; or

(ii) an education institution that has formed a partnership with one or more private businesses to conduct a partnership program.

(2) CONTENT OF APPLICATION.—To be eligible to receive a grant under this subtitle, a partnership under paragraph (1) shall prepare and submit, to the State educational agency (or the Commission if paragraph (1)(A)(ii) applies), an application at such time, in such manner, and containing such information as the State educational agency (or the Commission) shall reasonably require. Each such application shall—

(A) contain a written agreement, between the institution with which participants are affiliated and one or more representatives of the community or education institution where service opportunities will be provided, stating that the program was jointly developed by the parties and that the program will be jointly executed by the parties;

(B) establish and specify the membership and role of an advisory committee that shall consist of representatives of community agencies, service recipients, youth serving agencies, youth, parents, teachers, administrators, school board members, labor, and business, one-half of which shall be selected by the community partner and one-half of which shall be selected by the education institution;

(C) describe the goals of the program which shall include goals that are quantifiable, measurable, and demonstrate any benefits that flow from the program to the participants and the community;

(D) describe the service opportunities to be provided under the program;

(E) describe the manner in which the participants in the program will be recruited, including any special efforts that will be utilized to recruit out-of-school youth with the assistance of community-based agencies;

(F) describe the manner in which participants in the program were or will be involved in the design and operation of the program;

(G) state the name, if available, qualifications, and responsibilities of the coordinator of the program assisted under this subtitle;

(H) describe the preservice and inservice training to be provided to supervisors and participants in the program;

(I) describe the manner in which exemplary service will be recognized;

(J) describe any potential resources that will permit continuation of the program, if needed, after the assistance received under this subtitle has ended;

(K) disclose whether the program plans include addressing basic skill needs and reducing illiteracy;

(L) disclose whether the program plans include preventing and treating school-age drug and alcohol abuse and dependency; and

(M) contain assurances that, prior to the placement of a participant, the program will consult with any local labor organization representing employees in the area who are engaged in the same or similar work as that proposed to be carried out by such program.

(3) YOUTH COMMUNITY SERVICE PROGRAM.—If an applicant under this section intends to operate a youth community service program, such applicant, in addition to providing the information described in paragraph (2), shall include in the application required under such paragraph—

(A) a description of an age-appropriate learning component for participants in the program that shall include a chance for participants to reflect on service experiences and expected learning outcomes;

(B) a description of whether or not the participants will receive academic credit for participation in the program;

(C) a description of the target levels of students and out-of-school youth who will participate in the program and the target levels for the hours of service that such participants will provide individually and as a group;

(D) a description of the proportion of expected participants in the program who are educationally or economically disadvantaged, including participants with disabilities;

(E) a description of the ages or grade levels of expected participants in the program;

(F) other relevant demographic information concerning such expected participants; and

(G) assurances that participants in the program will be provided with information concerning VISTA, the Peace Corps (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)), chapter 30 of title 38, United States Code, chapter 106 of title 10, United States Code, full-time Youth Service Corps and National Service programs receiving assistance under this title, and other service

options and their benefits (such as student loan deferment and forgiveness) as appropriate.

(4) PARTNERSHIP PROGRAM.—If an applicant under this section intends to operate a partnership program, in addition to the information required to be included in the application under paragraph (2), such applicant shall describe the students who are to be assisted through such program, including the ages and grade levels of such students.

(b) APPROVAL.—

(1) YOUTH COMMUNITY SERVICE PROGRAMS.—The State educational agency, or the Commission if subsection (a)(1)(A)(ii) applies, shall approve applications submitted by entities under this section that intend to operate youth community service programs, only if such applications meet the applicable requirements of subsection (a) and describe programs that provide—

(A) an age-appropriate learning component to enable participants to reflect on service experiences;

(B) preservice and inservice training for both supervisors and participants involving representatives of the community where service opportunities will be provided; and

(C) evidence that participants in the program will make a sustained commitment to the service project.

(2) ADULT VOLUNTEER AND PARTNERSHIP PROGRAMS.—The State educational agency, or the Commission if subsection (a)(1)(A)(ii) applies, shall approve applications submitted by entities under this section that intend to operate adult volunteer and partnership programs, only if such applications meet the applicable requirements of subsection (a) and describe programs that provide—

(A) preservice and inservice training for both supervisors and adult volunteers in the program; and

(B) opportunities for adult volunteers in the program to work with at-risk children or their teachers.

(c) PRIORITY.—

(1) IN GENERAL.—In providing assistance under this subtitle, the State educational agency, or the Commission if subsection (a)(1)(A)(ii) applies, shall give priority to applications that contain a description—

(A) of programs that involve participants in the design and operation of the program;

(B) of programs that are in the greatest need of assistance, such as programs targeting low-income areas;

(C) of programs that involve individuals of different ages, races, sexes, ethnic groups, disabilities, and economic backgrounds serving together; and

(D) in the case of applicants that are educational institutions, of programs that are integrated into the academic program.

(2) ADULT VOLUNTEER AND PARTNERSHIP PROGRAM.—In the case of an adult volunteer and partnership program, the State educational agency, or the Commission if subsection (a)(1)(A)(ii) applies, shall give priority to applications that contain a description of programs—

(A) that involve older Americans or parents as adult volunteers;

(B) that involve a partnership between an educational institution and a private business in the community;

(C) that include a focus on drug and alcohol abuse prevention, school drop-out prevention, or nutrition; or

(D) that will improve basic skills and reduce illiteracy.

SEC. 115. LIMITATIONS ON USE.

(a) REQUIREMENT FOR LOCAL APPLICANTS.—Assistance provided under this subtitle shall not be used by a local applicant to pay in excess of—

(1) 80 percent of the costs of programs that receive assistance under this subtitle for the first year in which the applicant receives assistance under this subtitle; and

(2) 70 percent of the costs of programs that receive assistance under this subtitle for the second year in which the applicant receives assistance under this subtitle.

(b) PAYMENT BY LOCAL APPLICANT.—

(1) NON-FEDERAL SOURCES.—That portion of the costs of programs that receive assistance under this subtitle that are to be paid by a local applicant from sources other than Federal funds may be paid in cash or in kind (fairly evaluated).

(2) PRIVATE PROFITMAKING ORGANIZATIONS.—If that portion of the costs of programs that receive assistance under this subtitle to be paid by a local applicant from sources other than Federal funds are paid by private profitmaking organizations, subsection (a) shall be applied by substituting—

(A) "85 percent" for "80 percent"; and

(B) "75 percent" for "70 percent".

SEC. 116. USE OF FUNDS.

(a) STATES.—

(1) ADMINISTRATION.—A State shall use not to exceed 20 percent of the amounts provided under this subtitle in each fiscal year for costs associated with administration, including training, technical assistance, curriculum development, and coordination activities.

(2) ADULT VOLUNTEER AND PARTNERSHIP PROGRAMS.—A State shall use not to exceed 10 percent of the amounts provided under this subtitle in each fiscal year to carry out adult volunteer and partnership programs.

(b) LOCAL APPLICANTS.—Local applicants may use assistance provided under this subtitle for supervision of participants, program administration, training, reasonable transportation costs, insurance, and other reasonable expenses.

(c) STIPENDS.—Assistance provided under this subtitle shall not be used to pay any stipend, allowance, or other financial support to any participant except to reimburse such participant for costs associated with transportation, meals, and other reasonable out-of-pocket expenses incident to participation in a program assisted under this subtitle.

SEC. 117. TREATMENT OF INDIAN TRIBES.

An Indian tribe shall be treated the same as a State for purposes of making grants under this subtitle.

Subtitle C—American Conservation and Youth Corps

SEC. 120. SHORT TITLE.

This subtitle may be cited as the "American Conservation and Youth Service Corps Act of 1990".

SEC. 121. GENERAL AUTHORITY.

The Commission may make grants under section 102 to States or local applicants, to the Secretary of Agriculture, to the Secretary of the Interior, or to the Director of ACTION for the creation or expansion of full-time or summer youth service corps programs.

SEC. 122. ALLOCATION OF FUNDS.

(a) COMPETITIVE GRANT.—The Commission shall award grants under this subtitle on a competitive basis to States or Indian tribes that have submitted applications under section 123.

(b) DIRECT GRANTS.—

(1) IN GENERAL.—In the case of a State that does not apply for a grant under this subtitle or have an application approved under section 123, the Commission may award grants directly to public or private nonprofit agencies within such State.

(2) EVALUATION.—The Commission shall apply the criteria described in section 123 in determining whether to award a grant to such local applicants.

(3) INDIAN TRIBES.—An Indian tribe shall be treated the same as a State for purposes of making grants under this subtitle.

(c) LIMITATION.—

(1) CAPITAL EQUIPMENT.—Not to exceed 10 percent of the amount of assistance made available to a program agency under this subtitle shall be used for the purchase of major capital equipment.

(2) ADMINISTRATIVE EXPENSES.—Not to exceed 15 percent of the amount of assistance made available to a program agency under this subtitle shall be used for administrative expenses.

SEC. 123. STATE APPLICATION.

(a) SUBMISSION.—To be eligible to receive a grant under this subtitle, a State or Indian tribe (or a local applicant if section 122(b) applies) shall prepare and submit, to the Commission, an application at such time, in such manner, and containing such information as the Commission may reasonably require, including the information required under subsection (b).

(b) GENERAL CONTENT.—An application submitted under subsection (a) shall describe—

(1) any youth service corps program proposed to be conducted directly by such applicant with assistance provided under this subtitle; and

(2) any grant program proposed to be conducted by such State with assistance provided under this subtitle for the benefit of entities within such State.

(c) SPECIFIC CONTENT.—To receive a grant under this subtitle to directly conduct a youth service corps program, each applicant shall include in the application submitted under subsection (a)—

(1) a comprehensive description of the objectives and performance goals for the program to be conducted, a plan for managing and funding the program, and a description of the types of projects to be carried out, including a description of the types and duration of training and work experience to be provided by such program;

(2) a plan for the certification of the training skills acquired by participants and the awarding of academic credit to participants for competencies developed through training programs or work experience obtained under this subtitle;

(3) an age appropriate learning component for participants that includes procedures that permit participants to reflect on service experiences;

(4) an estimate of the number of participants and crew leaders necessary for the proposed program, the length of time that the services of such participants and crew leaders will be required, the support services that will be required for such participants and crew leaders, and a plan for recruiting such participants, including educationally and economically disadvantaged youth, youth with limited basic skills or learning disabilities, youth with disabilities, and youth who are in foster care;

(5) a list of requirements to be imposed on the sponsoring organizations of participants in the program, including a requirement

that a sponsoring organization that invests in a program that receives assistance under this subtitle, by making a cash contribution or by providing free training to participants, shall be given preference over a sponsoring organization that does not make such an investment;

(6) a description of the manner of appointment and training of sufficient supervisory staff (including participants who have displayed exceptional leadership qualities), who shall provide for other central elements of a youth corps, such as crew structure and a youth development component;

(7) a description of a plan to ensure the on-site presence of knowledgeable and competent supervisory personnel at program facilities;

(8) a description of the facilities, quarters and board (in the case of residential facilities), limited and emergency medical care, transportation from administrative facilities to work sites, accommodations for individuals with disabilities, and other appropriate services, supplies, and equipment that will be provided by such applicant;

(9) a description of the basic standards of work requirements, health, nutrition, sanitation, and safety, and the manner that such standards shall be enforced;

(10) a description of the plan to assign participants to facilities as near to the homes of such participants as is reasonable and practicable;

(11) an assurance that, prior to the placement of a participant under this subtitle, the program agency will consult with any local labor organization representing employees in the area who are engaged in the same or similar work as that proposed to be carried out by such program; and

(12) such other information as the Commission shall require.

(d) GRANT PROGRAM.—To be eligible to receive a grant under this subtitle, a State shall establish and implement a program to make grants to applicants within the State pursuant to subsection (b)(2) and, in the application submitted under subsection (a), such State shall describe the manner in which—

(1) local applicants will be evaluated;

(2) service programs within the State will be coordinated;

(3) economically and educationally disadvantaged youth, including youth with disabilities, youth with limited basic skills or learning disabilities, and youth in foster care, will be recruited;

(4) programs that receive assistance under this subtitle will be evaluated;

(5) the State will encourage cooperation among programs that receive assistance under this subtitle and the appropriate State job training coordinating council established under the Job Training and Partnership Act (29 U.S.C. 1501 et seq.);

(6) such State will certify the training skills acquired by each participant and the credit provided to each participant for competencies developed through training programs or work experience obtained under programs that receive assistance under this subtitle; and

(7) prior to the placement of a participant under this subtitle, the State will ensure that program agencies consult with each local labor organization representing employees in the area who are engaged in the same or similar work as the work that is proposed to be carried out by such program.

SEC. 124. FOCUS OF PROGRAMS.

(a) IN GENERAL.—Programs that receive assistance under this subtitle may carry out activities that—

(1) in the case of conservation corps programs, focus on—

(A) conservation, rehabilitation, and the improvement of wildlife habitat, rangelands, parks, and recreational areas;

(B) urban revitalization, historical and cultural site preservation, rural revitalization, and reforestation of both urban and rural areas;

(C) fish culture, wildlife habitat maintenance and improvement, and other fishery assistance;

(D) road and trail maintenance and improvement;

(E) erosion, flood, drought, and storm damage assistance and controls;

(F) stream, lake, waterfront harbor, and port improvement;

(G) wetlands protection and pollution control;

(H) insect, disease, rodent, and fire prevention and control;

(I) the improvement of abandoned railroad beds and rights-of-way;

(J) energy conservation projects, renewable resource enhancement, and recovery of biomass;

(K) reclamation and improvement of strip-mined land;

(L) forestry, nursery, and cultural operations; and

(M) making public facilities accessible to individuals with disabilities.

(2) in the case of human services corps programs, include participant service in—

(A) State, local, and regional governmental agencies;

(B) nursing homes, hospices, senior centers, hospitals, local libraries, parks, recreational facilities, day care centers, programs serving individuals with disabilities, and schools;

(C) law enforcement agencies, and penal and probation systems;

(D) private nonprofit organizations that primarily focus on social service;

(E) activities that focus on the rehabilitation or improvement of public facilities, neighborhood improvements, literacy training that benefits educationally disadvantaged individuals, weatherization of and basic repairs to low-income housing, energy conservation (including solar energy techniques), removal of architectural barriers to access by individuals with disabilities to public facilities, activities that focus on drug and alcohol abuse education, prevention and treatment, and conservation, maintenance, or restoration of natural resources on publicly held lands; and

(F) any other nonpartisan civic activities and services that the Commission determines to be of a substantial social benefit in meeting unmet human, educational, or environmental needs (particularly needs related to poverty) or in the community where volunteer service is to be performed; or

(3) encompass the focuses and services described in both paragraphs (1) and (2).

(b) INELIGIBLE SERVICE CATEGORIES.—To be eligible to receive assistance under this subtitle, the activities conducted through programs referred to in subsection (a) shall not be conducted by any—

(1) business organized for profit;

(2) labor union;

(3) partisan political organization;

(4) organization engaged in religious activities, unless such activities do not involve the use of funds provided under this title by program participants and program staff to give religious instruction, conduct worship services, or engage in any form of proselytization; or

(5) domestic or personal service company or organization.

(c) LIMITATION ON SERVICE.—No participant shall perform services in any project for more than a 1-year period.

SEC. 125. RELATED PROGRAMS.

An activity administered under the authority of the Secretary of Health and Human Services, that is operated for the same purpose as a program eligible to be carried out under this subtitle, is encouraged to use services available under this subtitle.

SEC. 126. PUBLIC LANDS OR INDIAN LANDS.

(a) LIMITATION.—To be eligible to receive assistance through a grant provided under this subtitle, a program shall carry out activities on public lands or Indian lands, or result in a public benefit.

(b) REVIEW OF APPLICATIONS.—In reviewing applications submitted under section 123 that propose programs or projects to be carried out on public lands or Indian lands, the Commission shall consult with the Secretary of the Interior.

(c) CONSISTENCY.—A program carried out with assistance provided under this subtitle for conservation, rehabilitation, or improvement of any public lands or Indian lands shall be consistent with—

(1) the provisions of law and policies relating to the management and administration of such lands, and all other applicable provisions of law; and

(2) all management, operational, and other plans and documents that govern the administration of such lands.

(d) RESERVATION.—The Commission shall reserve not to exceed 5 percent of the amounts appropriated in each fiscal year under section 401(a)(2) to make grants under this subtitle for Federal disaster relief programs.

SEC. 127. TRAINING AND EDUCATION SERVICES.

(a) ASSESSMENT OF SKILLS.—Each program agency shall assess the educational level of participants at the time of their entrance into the program, using any available records or simplified assessment means or methodology and shall, where appropriate, refer such participants for testing for specific learning disabilities.

(b) ENHANCEMENT OF SKILLS.—Each program agency shall, through the programs and activities administered under this subtitle, enhance the educational skills of participants.

(c) PROVISION OF PRE-SERVICE AND IN-SERVICE TRAINING AND EDUCATION.—

(1) REQUIREMENT.—Each program agency shall use not less than 10 percent of the assistance made available to such agency under this subtitle in each fiscal year to provide pre-service and in-service training and educational materials and services for participants in such a program. Program participants shall be provided with information concerning the benefits to the community that result from the activities undertaken by such participants.

(2) AGREEMENTS FOR ACADEMIC STUDY.—A program agency may enter into arrangements with academic institutions or education providers, including—

(A) local education agencies;

(B) community colleges;

(C) 4-year colleges;

(D) area vocational-technical schools; and

(E) community based organizations;

to evaluate the basic skills of participants and to make academic study available to participants to enable such participants to upgrade literacy skills, to obtain high school diplomas or the equivalent of such diplomas, to obtain college degrees, or to enhance employable skills.

(3) COUNSELING.—Career and educational guidance and counseling shall be provided to a participant during a period of in-service training as described in this subsection.

(4) PRIORITY FOR PARTICIPANTS WITHOUT HIGH SCHOOL DIPLOMAS.—A program agency shall give priority to participants who have not obtained a high school diploma or the equivalent of such diploma, in providing services under this subsection.

(d) POST-SERVICE EDUCATION AND TRAINING ASSISTANCE.—

(1) USE OF FUNDS.—A program that receives assistance under this subtitle shall use not less than 10 percent of such assistance to comply with the requirements of section 131 for post-service education and training assistance.

(2) ACTIVITIES.—The activities conducted under this section may include activities available to an eligible participant under in-service education and training assistance programs, career and vocational counseling, assistance in entering a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.), and assistance for other activities considered appropriate for such participant by the appropriate program agency and the Commission.

(e) STANDARDS AND PROCEDURES.—

(1) CONSISTENCY WITH STATE AND LOCAL REQUIREMENTS.—Appropriate State and local officials shall certify that standards and procedures with respect to the awarding of academic credit and the certification of educational attainment in programs conducted under subsection (c) are consistent with the requirements of applicable State and local law and regulations.

(2) ACADEMIC STANDARDS.—The standards and procedures described in paragraph (1) shall provide that an individual serving in a program that receives assistance under this subtitle—

(A) who is not a high school graduate, participate in an educational curriculum so that such individual can earn a high school diploma or the equivalent of such diploma; and

(B) may arrange to receive academic credit in recognition of the education and skills obtained from service satisfactorily completed.

SEC. 128. AMOUNT OF AWARD.

In determining the amount of a grant to be awarded to an applicant under this subtitle, the Commission shall consider—

(1) the number of the unemployed youth population of the area to be served; and

(2) the type of project or service proposed to be carried out with the amounts appropriated under section 401(a)(2).

SEC. 129. PREFERENCE FOR CERTAIN PROJECTS.

In the consideration of applications submitted under section 123, the Commission shall give preference to programs that—

(1) will provide long-term benefits to the public;

(2) will instill a work ethic and a sense of public service in the participants;

(3) will be labor intensive, and involve youth operating in crews;

(4) can be planned and initiated promptly; and

(5) will enhance skills development and educational level and opportunities for the participants.

SEC. 130. AGE AND CITIZENSHIP CRITERIA FOR ENROLLMENT.

Enrollment in programs that receive assistance under this subtitle shall be limited to individuals who, at the time of enrollment, are—

(1) not less than 16 years nor more than 25 years of age, except that summer programs may include individuals not less than 15 years nor more than 21 years of age at the time of the enrollment of such individuals; and

(2) citizens or nationals of the United States (including those citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau) or lawful permanent resident aliens of the United States.

SEC. 131. POST-SERVICE BENEFITS.

The program agency shall provide post-service education and training benefits (such as scholarships and grants) for each participant in an amount that is not in excess of $100 per week, or in excess of $5,000 per year, whichever is less.

SEC. 132. LIVING ALLOWANCE.

(a) FULL-TIME SERVICE.—

(1) IN GENERAL.—From assistance provided under this subtitle, each participant in a full-time youth service corps program that receives assistance under this subtitle shall receive a living allowance of not more than an amount equal to 100 percent of the poverty line for a family of two (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))).

(2) NON-FEDERAL SOURCES.—Notwithstanding paragraph (1), a program agency may provide participants with additional amounts that are made available from non-Federal sources.

(b) REDUCTION IN EXISTING PROGRAM BENEFITS.—Nothing in this section shall be construed to require a program in existence on the date of enactment of this Act to decrease any stipends, salaries, or living allowances provided to participants under such program.

(c) HEALTH INSURANCE.—In addition to the living allowance provided under subsection (a), program agencies are encouraged to provide health insurance to each participant in a full-time youth service corps program who does not otherwise have access to health insurance.

(d) FACILITIES, SERVICES, AND SUPPLIES.—

(1) IN GENERAL.—The program agency may deduct, from amounts provided under subsections (a) and (c) to a participant, a reasonable portion of the costs of the rates for any room and board that is provided for such participant at a residential facility.

(2) EVALUATION.—The program agency shall establish the amount of the deductions and rates under paragraph (1) after evaluating the costs of providing such room and board to the participant.

(3) DUTIES OF PROGRAM AGENCY.—A program agency may provide facilities, quarters, and board and shall provide limited and emergency medical care, transportation from administrative facilities to work sites, accommodations for individuals with disabilities, and other appropriate services, supplies, and equipment to each participant.

(e) GUIDANCE AND PLACEMENT.—

(1) IN GENERAL.—Each program agency shall provide such job and educational guidance and placement information and assistance for each participant as may be necessary, including referrals of such participants to organizations where such participants may receive basic skills training or be tested and receive services for specific learning disabilities.

(2) COORDINATION WITH OTHER ENTITIES.—Assistance under paragraph (1) shall be provided in coordination with appropriate State, local, and private agencies and organizations.

SEC. 133. JOINT PROGRAMS.

(a) DEVELOPMENT.—The Commission may develop, in cooperation with the heads of other Federal agencies, regulations designed to permit, where appropriate, joint programs in which activities supported with assistance made available under this subtitle are coordinated with activities supported with assistance made available under programs administered by the heads of such agencies (including the Job Training Partnership Act (29 U.S.C. 1501 et seq.)).

(b) STANDARDS.—Regulations promulgated under subsection (a) shall establish standards for the approval of joint programs that meet both the purposes of this title and the purposes of such statutes under which assistance is made available to support such projects.

SEC. 134. FEDERAL AND STATE EMPLOYEE STATUS.

(a) IN GENERAL.—Participants and crew leaders shall be responsible to, or be the responsibility of, the program agency administering the program on which such participants, crew leaders, and volunteers work.

(b) NON-FEDERAL EMPLOYEES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, a participant or crew leader in a program that receives assistance under this subtitle shall not be considered a Federal employee and shall not be subject to the provisions of law relating to Federal employment.

(2) WORK-RELATED INJURY.—For purposes of subchapter I of chapter 81 of title 5, United States Code, relating to the compensation of Federal employees for work injuries, a participant or crew leader serving in a program that receives assistance under this subtitle shall be considered an employee of the United States within the meaning of the term "employee" as defined in section 8101 of title 5, United States Code, and the provision of that subchapter shall apply, except—

(A) the term "performance of duty", as used in such subchapter, shall not include an act of a participant or crew leader while absent from the assigned post of duty of such participant or crew leader, except while participating in an activity authorized by or under the direction and supervision of a program agency (including an activity while on pass or during travel to or from such post of duty); and

(B) compensation for disability shall not begin to accrue until the day following the date that the employment of the injured participant or crew leader is terminated.

(3) TORT CLAIMS PROCEDURE.—For purposes of chapter 171 of title 28, United States Code, relating to tort claims procedure, a participant or crew leaders assigned to a youth service corps program for which a grant has been made to the Secretary of Agriculture, Secretary of the Interior, or the Director of ACTION, shall be considered an employee of the United States within the meaning of the term "employee of the government" as defined in section 2671 of such title.

(4) ALLOWANCE FOR QUARTERS.—For purposes of section 5911 of title 5, United States Code, relating to allowances for quarters, a participant or crew leader shall be considered an employee of the United

States within the meaning of the term "employee" as defined in paragraph (3) of subsection (a) of such section.

Subtitle D—National and Community Service

SEC. 140. SHORT TITLE.

This subtitle may be cited as the "National and Community Service Act".

SEC. 141. GENERAL AUTHORITY.

The Commission may make grants under section 102 to States for the creation of full- and part-time national and community service programs.

SEC. 142. GRANTS.

(a) TERM OF GRANT.—The term of a grant awarded under section 141 shall not extend beyond September 30, 1991.

(b) CRITERIA FOR RECEIVING APPLICATIONS.—In determining whether to award a grant to a State under section 141, the Commission shall consider—

(1) the ability of the proposed program of such State to serve as an effective model for a large-scale national service program;

(2) the quality of the application of such State, including the plan of such State for training, recruitment, placement, and data collection;

(3) the extent that the proposed program builds on existing programs; and

(4) the expediency with which the State proposes to make the program operational.

(c) DIVERSITY.—The Commission shall ensure that programs receiving assistance under this subtitle are geographically diverse and include programs in both urban and rural States.

(d) ALTERNATIVE VOUCHER OPTION LIMITED.—The Commission shall ensure that not to exceed 25 percent of States receiving a grant under section 141 are authorized to exercise the alternative voucher authorized under section 146(e)(3).

(e) COMPOSITION OF PROGRAMS.—The Commission shall ensure that not less than 25 percent of the programs that receive assistance under this subtitle include full-time, part-time and special senior service participants.

(f) STATE APPLICATION FOR GRANT.—To receive a grant under section 141, a State shall prepare and submit, to the Commission, an application at such time, in such manner, and containing such information as the Commission may reasonably require, including—

(1) a description of the State administrative plan for the implementation of a program with assistance provided under this subtitle, including such functions, if any, that will be carried out by public and private nonprofit organizations pursuant to a grant or contract;

(2) a description of the manner in which an ethnically and economically diverse group of participants, including economically and educationally disadvantaged individuals, college-bound youth, individuals with disabilities, youth in foster care, and employed individuals, shall be recruited and selected for participation in a program receiving assistance under this subtitle;

(3) a description of the procedures for training supervisors and participants and for supervising and organizing participants in such program;

(4) a description of the procedures to ensure that the program provides participants with an opportunity to reflect on their service experience;

(5) a description of the geographical areas within such State in which the program would be operated to provide the optimum match between the need for services and the anticipated supply of participants;

(6) a description of the plan for placing such participants in teams or making individual placements in such program;

(7) assurances that, prior to such placement, the State will consult with any local labor organization representing employees in the area who are engaged in the same or similar work as that proposed to be carried out by such program;

(8) assurances that, prior to such placement, such State will consult with employees at the proposed project site who are engaged in the same or similar work as that proposed to be carried out by such program;

(9) a description of the anticipated number of full- and part-time participants and special senior service members in such program;

(10) a plan for the recruitment and selection of sponsoring organizations that will receive participants under programs that receive assistance under this subtitle;

(11) a description of the procedures for matching such participants with such sponsoring organizations;

(12) a description of the procedures to be used to assure that sponsoring organizations that are not matched with participants shall be provided with information concerning the VISTA program and the programs established under title II of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5001 et seq.);

(13) the State budget for the program;

(14) a description of whether the State desires to exercise the voucher alternative option authorized under section 146(e)(3);

(15) a plan for evaluating the program and assurances that such State will fully cooperate with any evaluation undertaken by the Commission pursuant to section 178; and

(16) any other information as the Commission may reasonably require.

(g) NUMBER OF STATES.—

(1) IN GENERAL.—The Commission shall ensure that not more than five States are authorized to operate full-time programs and not more than five States are authorized to operate part-time programs in fiscal year 1991 under this subtitle.

(2) SINGLE PROGRAM.—For purposes of this paragraph (1), a State operating a single national service program with both full- and part-time options shall be counted as a State operating a full-time program and a State operating a part-time program.

(3) COOPERATIVE ARRANGEMENT.—For purposes of this paragraph (1), a State operating a national service program involving a cooperative arrangement with a multi-State organization or with sites in more than one State shall be counted as a single State.

(h) INDIAN TRIBES.—An Indian tribe shall be treated the same as a State for purposes of making grants under this subtitle.

SEC. 143. TYPES OF NATIONAL SERVICE.

(a) IN GENERAL.—A participant in a program that receives assistance under this subtitle shall perform national service to meet unmet educational, human, environmental, and public safety needs, especially those needs relating to poverty.

(b) TYPES OF NATIONAL SERVICE.—National service performed under subsection (a) may include—

(1) educational service, such as service in literacy programs, the Head Start program (as established under the Head Start Act (42 U.S.C. 9831)) and other early childhood education programs, tutorial assistance, and service in schools, libraries, and adult education centers;

(2) human service, such as—

(A) service in hospitals, hospices, clinics, community health centers, public health organizations, facilities serving individuals with acquired immune deficiency syndrome, homes for elderly individuals, programs serving individuals with disabilities, and child-care programs;

(B) service in programs to assist elderly, disabled, poor, and homeless individuals, including programs to build, restore, and maintain housing for poor or homeless individuals and self-help programs;

(C) service in programs engaged in the education, prevention, and treatment of drug and alcohol abuse, including care programs for cocaine-addicted babies; and

(D) service in programs to assist elderly, disabled, poor, and homeless individuals obtain meaningful employment;

(3) environmental service, such as service in programs to conserve, recycle, maintain, and restore natural resources in urban and rural environments, to provide recreational opportunities, and to encourage community betterment or beautification;

(4) public safety service, including placement with police and fire departments, courts, the border patrol, and prisons; and

(5) in the case of special senior service members, service to assist a State in administering a program, including mentoring, supervision, and other functions.

SEC. 144. TERMS OF SERVICE.

(a) LENGTH OF SERVICE.—

(1) PART-TIME.—An individual performing part-time national service under this subtitle shall agree to perform community service for not less than 2 years.

(2) FULL-TIME.—An individual performing full-time national service under this subtitle shall agree to perform community service for not less than 1 year nor more than 2 years, at the discretion of such individual.

(3) SPECIAL SENIOR SERVICE.—A special senior service participant performing national service under this subtitle shall serve for a period of time as determined by the Commission.

(b) PARTIAL COMPLETION OF SERVICE.—If the State releases a participant from completing a term of service in a program receiving assistance under this subtitle for compelling personal circumstances as demonstrated by such participant, the Commission may provide such participant with that portion of the financial assistance described in section 146 that corresponds to the quantity of the service obligation completed by such individual.

(c) TERMS OF SERVICE.—

(1) PART-TIME.—A participant performing part-time national service under this subtitle shall serve for—

(A) 2 weekends each month and 2 weeks during the year; or

(B) an average of 9 hours per week each year of service.

(2) FULL-TIME.—A participant performing full-time national service under this subtitle shall serve for not less than 40 hours per week each year of service.

(3) SPECIAL SENIOR SERVICE.—A special senior service participant performing national service under this subtitle shall serve either part- or full-time as permitted by the Commission.

SEC. 145. ELIGIBILITY.

(a) PART-TIME.—

(1) REQUIREMENTS.—An individual may serve in a part-time national service program under this subtitle if such individual—

(A) is 17 years of age or older; and

(B) is a citizen of the United States or lawfully admitted for permanent residence.

(2) PRIORITY.—In selecting applicants for a part-time program, States shall give priority to applicants who are currently employed.

(b) FULL-TIME.—An individual may serve in a full-time national service program under this subtitle if such individual—

(1) is 17 years of age or older;

(2) has received a high school diploma or the equivalent of such diploma, or agrees to achieve a high school diploma or the equivalent of such diploma while participating in the program; and

(3) is a citizen of the United States or lawfully admitted for permanent residence.

(c) SPECIAL SENIOR SERVICE.—An individual may serve as a special senior service member under this subtitle if such individual—

(1) is 60 years of age or older; and

(2) meets the eligibility criteria for special senior service membership established by the Commission.

SEC. 146. VOUCHERS.

(a) PART-TIME.—

(1) IN GENERAL.—Subject to subsection (d), the Commission shall annually provide to each part-time participant a non-transferable voucher that is equal in value to $2,000 for each year of service that such participant provides to the program.

(2) WAIVER.—A State may apply for a waiver to reduce the amount of a voucher provided under paragraph (1) to an amount that is equal in value to not less than the average annual tuition and required fees at 4-year public institutions of higher education within such State.

(3) CONSTRUCTION.—Nothing in this subsection shall be construed to prevent a State from using funds made available from non-Federal sources to increase the amount of a voucher provided under paragraph (1) to an amount in excess of that described in such paragraph.

(b) FULL-TIME.—

(1) IN GENERAL.—Subject to subsection (d), the Commission shall annually provide to each full-time participant a non-transferable voucher that is equal in value to $5,000 for each year of service that such participant provides to the program.

(2) WAIVER.—A State may apply for a waiver to reduce the amount of a voucher provided under paragraph (1) to an amount that is equal in value to not less than the average annual tuition, required fees, and room and board costs at 4-year public institutions of higher education within such State.

(3) CONSTRUCTION.—Nothing in this subsection shall be construed to prevent a State from using funds made available from non-Federal sources to increase the amount of a voucher provided under paragraph (1) to an amount in excess of that described in such paragraph.

(c) SPECIAL SENIOR SERVICE PARTICIPANT.—A special senior service participant shall be ineligible to receive a voucher under this section.

(d) INDEXING.—The Commission shall increase the value of vouchers provided under this section in each fiscal year based on the increase in the costs associated with attending a 4-year institution of higher education during that fiscal year. The Commission shall determine such increases in costs based on information made available by the Bureau of Labor Statistics and the National Center for Education Statistics.

(e) USE OF VOUCHER.—

(1) PART-TIME.—A voucher provided under subsection (a) shall only be used for—

(A) payment of a student loan from Federal or non-Federal sources;

(B) downpayment or closing costs associated with purchasing a first home;

(C) downpayment, closing costs, or other costs associated with purchasing a small business concern; or

(D) tuition at an institution of higher education on a full-time basis, or to pay the expenses incurred in the full-time participation in an apprenticeship program approved by the appropriate State agency.

(2) FULL-TIME.—A voucher provided under subsection (b) shall only be used for—

(A) payment of a student loan from Federal or non-Federal sources;

(B) downpayment or closing costs associated with purchasing a first home;

(C) downpayment, closing costs, or other costs associated with purchasing a small business concern; or

(D) tuition, room and board, books and fees, and other costs associated with attendance (pursuant to section 472 of the Higher Education Act of 1965 (20 U.S.C. 1087ll)) at an institution of higher education on a full-time basis, or to pay the expenses incurred in the full-time participation in an apprenticeship program approved by the appropriate State agency.

(3) ALTERNATIVE VOUCHER OPTION.—A State administering a full-time national service program under this subtitle may apply to the Commission for authorization to offer an alternative voucher option limiting the use of vouchers for education, housing, or costs associated with the purchase of a small business concern, including downpayment or closing costs.

(4) DEFINITION.—As used in this subsection, the term "small business concern" shall have the same meaning given such term in section 3(a)(1) of the Small Business Act (15 U.S.C. 632(a)(1)).

SEC. 147. LIVING ALLOWANCE.

(a) FULL-TIME SERVICE.—

(1) IN GENERAL.—From assistance provided under this subtitle, each participant in a full-time national service program receiving assistance under this subtitle shall receive a living allowance of not more than an amount equal to 100 percent of the poverty line for a family of two (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))).

(2) NON-FEDERAL SOURCES.—Notwithstanding paragraph (1), a program agency may provide participants with additional amounts that are made available from non-Federal sources.

(b) REDUCTION IN EXISTING PROGRAM BENEFITS.—Nothing in this section shall be construed to require a program in existence on the date of enactment of this Act to decrease any stipends, salaries, or living allowances provided to participants under such program.

(c) HEALTH INSURANCE.—In addition to the living allowance provided under subsection (a), grantees are encouraged to provide health insurance to each participant in a full-time national service program who does not otherwise have access to health insurance.

(d) SPECIAL SENIOR SERVICE PARTICIPANT.—

(1) FULL-TIME.—Each full-time special senior service participant shall receive a living allowance equal to the living allowance provided to full-time participants under subsection (a), and such other assistance as the Commission considers necessary and appropriate for a special senior service participant to carry out the service obligation of such participant.

(2) PART-TIME.—Each part-time special senior service participant shall receive a living allowance equal to a share of such allowance offered to a full-time special senior service participant under paragraph (1), that has been prorated according to the number of hours such part-time participant serves in the program, and such other assistance that the Commission considers necessary and appropriate for a special senior service participant to carry out the service obligation of such participant.

SEC. 148. TRAINING.

(a) PROGRAM TRAINING.—

(1) IN GENERAL.—Each participant shall receive 3 weeks of training provided by the Commission in cooperation with the State.

(2) CONTENTS OF TRAINING SESSION.—Each training session described in paragraph (1) shall—

(A) orient each participant in the nature, philosophy, and purpose of the program;

(B) build an ethic community service; and

(C) train each participant to effectively perform the assigned program task of such participant by providing—

(i) general training in citizenship and civic and community service; and

(ii) if feasible, specialized training for the type of national service that each participant will perform.

(b) ADDITIONAL TRAINING.—Each State may provide additional training for participants as such State determines necessary.

(c) AGENCY OR ORGANIZATION TRAINING.—Each participant shall receive training from the sponsoring organization in skills relevant to the work to be conducted.

(d) ACCOMMODATIONS FOR INDIVIDUALS WITH DISABILITIES.—In accordance with the nondiscrimination provisions of section 174, each training program shall provide reasonable accommodations for individuals with disabilities.

SEC. 149. PUBLIC-PRIVATE PARTNERSHIP.

The Commission shall consider and develop opportunities for cooperation between public and private entities in the funding and implementation of a program receiving assistance under this subtitle, including cost-sharing arrangements with sponsoring organizations.

SEC. 150. IN-SERVICE EDUCATION BENEFITS.

Each State that receives assistance under this subtitle shall provide to each participant enrolled in a full-time program in-service educational services and materials to enable such participant to obtain a high school diploma or the equivalent of such diploma.

Subtitle E—Innovative Service Programs

SEC. 160. GENERAL AUTHORITY.

The Commission may make grants under section 102 to States for the creation of innovative national and community service programs.

SEC. 161. GRANTS.

(a) CRITERIA FOR RECEIVING APPLICATIONS.—In determining whether to award a grant to a State under section 160, the Commission shall consider—

(1) the ability of the proposed program of such State to serve as an effective model for other States;

(2) the quality of the application of such State, including the plan of such State for training, recruitment, placement, and data collection;

(3) the extent that the proposed program builds on existing programs; and

(4) the degree to which the program responds to State and community human, educational, environmental and public safety needs in an innovative manner.

(c) STATE APPLICATION FOR GRANT.—To receive a grant under this subtitle, a State shall prepare and submit, to the Commission, an application at such time, in such manner, and containing such information as the Commission may reasonably require, including—

(1) a description of the proposed program to be established with assistance provided under the grant;

(2) a description of the human, educational, environmental or public safety service that participants will perform and the State or community need that will be addressed under such proposed program;

(3) a description of the target population of participants and how they will be recruited;

(4) a description of the procedure for training supervisors and participants and for supervising and organizing participants in such proposed program;

(5) a description of the procedures to ensure that the proposed program provides participants with an opportunity to reflect on their service experiences;

(6) a description of any stipend or benefit that participants will receive, if any;

(7) an estimate of the anticipated number of participants and the anticipated number of hours of service such participants will perform;

(8) a description of the State budget for the program;

(9) assurances that, prior to the placement of a participant in a project, the State will consult with any local labor organization representing employees in the area who are engaged in the same or similar work as that proposed to be carried out by such project; and

(10) assurances that, prior to the placement of a participant in a project, the State will consult with employees at the proposed project site who are engaged in the same or similar work as that proposed to be carried out by such project.

(d) INDIAN TRIBES.—An Indian tribe shall be treated the same as a State for purposes of making grants under this subtitle.

Subtitle F—Administrative Provisions

SEC. 170. LIMITATION ON NUMBER OF GRANTS.

(a) IN GENERAL.—The Commission shall not award more than one grant during each fiscal year to each State under section 102.

(b) NUMBER OF APPLICATIONS.—In submitting applications for a grant under section 102, a State shall consolidate all of the applications of such State for the conduct of programs under subtitles B through E, into a single application that meets the requirements of such subtitles.

(c) MULTIPLE USE.—A grant awarded under section 102 to a State may be used by the State in accordance with the applications consolidated, submitted, and approved under subtitles (B) through (E).

SEC. 171. REPORTS.

(a) STATE REPORTS.—

(1) IN GENERAL.—Each State receiving assistance under this title shall prepare and submit, to the Commission, an annual report concerning the status of the national and community service programs that receive assistance under such title in such State.

(2) LOCAL GRANTEES.—Each State may require local grantees that receive assistance under this title to supply such information to the State as is necessary to enable the State to complete the report required under paragraph (1), including a comparison of actual accomplishments with the goals established for the program, the number of participants in the program, the number of service hours generated, and the existence of any problems, delays or adverse conditions that have affected or will affect the attainment of program goals.

(3) REPORT DEMONSTRATING COMPLIANCE.—

(A) IN GENERAL.—Each State receiving assistance under this title shall include information in the report required under paragraph (1) that demonstrates the compliance of the State with the provisions of section 176 and 113(9).

(B) LOCAL GRANTEES.—Each State may require local grantees to supply such information to the State as is necessary to enable the State to comply with the requirement of paragraph (1).

(4) AVAILABILITY OF REPORT.—Reports submitted under paragraph (1) shall be made available to the public on request.

(b) REPORT TO CONGRESS.—

(1) IN GENERAL.—Not later than 120 days after the end of each fiscal year, the Commission shall prepare and submit, to the appropriate authorizing and appropriation Committees of Congress, a report concerning the programs that receive assistance under this title.

(2) CONTENT.—Reports submitted under paragraph (1) shall contain a summary of the information contained in the State reports submitted under subsection (a), and shall reflect the findings and actions taken as a result of any evaluation conducted by the Commission.

SEC. 172. SUPPLEMENTATION.

(a) IN GENERAL.—Assistance provided under this title shall be used to supplement the level of State and local public funds expended for services of the type assisted under this title in the previous fiscal year.

(b) AGGREGATE EXPENDITURE.—Subsection (a) shall be satisfied, with respect to a particular program, if the aggregate expenditure for such program for the fiscal year in which services are to be provided will not be less than the aggregate expenditure for such program in the previous fiscal year, excluding the amount of Federal assistance provided and any other amounts used to pay the remainder of the costs of programs assisted under this title.

SEC. 173. PROHIBITION ON USE OF FUNDS.

(a) IN GENERAL.—Assistance provided under this title shall not be used by program participants and program staff to—

(1) provide religious instruction, conduct worship services, or engage in any form of proselytization, but nothing in this Act shall be construed to prevent any church or other religious entity from—

(A) displaying religious symbols or decorations;

(B) allowing persons to pray voluntarily, whether silently or vocally;

(C) allowing persons to sing religious hymns; or

(D) affirming or promoting any moral tenet that may be based on religious precepts;

So long as no funds provided under this Act are used by program participants and program staff for such activities and so long as these activities are conducted in a manner consistent with the Constitution.

(2) assist, promote, or deter union organizing; and

(3) finance, directly or indirectly, any activity designed to influence the outcome of an election to Federal office or the outcome of an election to a State or local public office.

(b) CONTRACTS OR COLLECTIVE BARGAINING AGREEMENTS.—A program that receives assistance under this title shall not impair existing contracts for services or collective bargaining agreements.

SEC. 174. NONDISCRIMINATION.

(a) IN GENERAL.—Any assistance provided under this title shall constitute Federal financial assistance for purposes of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.), the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.), the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), and the regulations issued under such Acts.

(b) NONDISCRIMINATION.—Any individual with responsibility for the administration of a program that receives assistance under this title shall not discriminate in the selection of participants to such program on the basis of race, religion, color, national origin, sex, age, disability, or political affiliation, except that nothing in this Act shall prohibit a church or other religious entity from requiring that participants adhere to the religious tenets and teachings of such organization and further, such organization may require that participants adhere to rules forbidding the use of drugs or alcohol.

(c) QUALIFIED APPLICANTS.—If two or more prospective participants are qualified for any position with a church or other religious entity that is funded under part A of title I or titles II or III, nothing in this Act shall prohibit such organization from accepting a prospective participant for such position who is already participating on a regular basis in other activities of the church or other religious entity.

(d) RULES AND REGULATIONS.—The Commission shall promulgate rules and regulations to provide for the enforcement of this section that shall include provisions for summary suspension of assistance for not more than 30 days, on an emergency basis, until notice and an opportunity to be heard can be provided.

(e) RIGHT OF ACTION.—

(1) SENSE OF THE SENATE.—It is the sense of the Senate—

(A) to deplore the practice of boycotting businesses on the basis of the race, religion, national origin, gender, age, or disability of the owner, operator, employees, or patrons of such entities;

(B) that the programs assisted under this Act should not be used to fund such boycotts; and

(C) that the rights of all persons to engage in free speech protected by the Constitution should be protected.

(2) LIMITATION.—None of the amounts appropriated under this Act shall be used to engage in a boycott of any entity on the basis of the race, religion, national origin, gender, age, or disability, of the owner, operator, employees or patrons of such entity.

(3) ATTORNEY GENERAL.—Notwithstanding any other provision of law, the Attorney General may file an action under this subsection, in the appropriate district court of the United States, against any organization or entity to recover the amount of assistance provided to such organization or entity under this Act that is used in violation of this subsection.

SEC. 175. NOTICE, HEARING, AND GRIEVANCE PROCEDURES.

(a) IN GENERAL.—

(1) SUSPENSION OF PAYMENTS.—The Commission may in accordance with the provisions of this title, suspend or terminate payments under a contract or grant providing assistance under this title whenever the Commission determines there is a material failure to comply with this title or the applicable terms and conditions of any such grant or contract issued pursuant to this title.

(2) PROCEDURES TO ENSURE ASSISTANCE.—The Commission shall prescribe procedures to ensure that—

(A) assistance provided under this title shall not be suspended for failure to comply with the applicable terms and conditions of this title except, in emergency situations, a suspension may be granted for 30 days; and

(B) assistance provided under this title shall not be terminated for failure to comply with applicable terms and conditions of this title unless the recipient of such assistance has been afforded reasonable notice and opportunity for a full and fair hearing.

(b) HEARINGS.—Hearings or other meetings that may be necessary to fulfill the requirements of this section shall be held at locations convenient to the recipient of assistance under this title.

(c) TRANSCRIPT OR RECORDING.—A transcript or recording shall be made of a hearing conducted under this section and shall be available for inspection by any individual.

(d) STATE LEGISLATION.—Nothing in this title shall be construed to preclude the enactment of State legislation providing for the implementation, consistent with this title, of the programs administered under this title.

(e) GRIEVANCE PROCEDURE—

(1) IN GENERAL.—State and local applicants that receive assistance under this title shall establish and maintain a procedure to adjudicate grievances from participants, labor organizations, and other interested individuals concerning programs that receive assistance under this title, including grievances regarding proposed placements of such participants in such projects.

(2) DEADLINE FOR GRIEVANCES.—Except for a grievance that alleges fraud or criminal activity, a grievance shall be made not later than 1 year after the date of the alleged occurrence.

(3) DEADLINE FOR HEARING AND DECISION.—

(A) HEARING.—A hearing on any grievance conducted under this subsection shall be conducted not later than 30 days of filing such grievance.

(B) DECISION.—A decision on any grievance shall be made not later than 60 days after the filing of such grievance.

(4) ARBITRATION.—

(A) IN GENERAL.—On the occurrence of an adverse grievance decision, or 60 days after the filing of such grievance if no decision has been reached, the party filing the grievance shall be permitted to submit such grievance to binding arbitration before a qualified arbitrator who is jointly selected and independent of the interested parties.

(B) DEADLINE FOR PROCEEDING.—An arbitration proceeding shall be held not later than 45 days after the request for such arbitration.

(C) DEADLINE FOR DECISION.—A decision concerning such grievance shall be made not later than 30 days after the date of such arbitration proceeding.

(D) COST.—The cost of such arbitration proceeding shall be divided evenly between the parties to the arbitration.

(5) PROPOSED PLACEMENT.—If a grievance is filed regarding a proposed placement of a participant in a program that receives assistance under this title, such placement shall not be made unless it is consistent with the resolution of the grievance pursuant to this subsection.

(6) REMEDIES.—Remedies for a grievance filed under this subsection include—

(A) suspension of payments for assistance under this title;

(B) termination of such payments; and

(C) prohibition of such placement described in paragraph (5).

SEC. 176. NONDUPLICATION AND NONDISPLACEMENT.

(a) NONDUPLICATION.—

(1) IN GENERAL.—Assistance provided under this title shall be used only for a program that does not duplicate, and is in addition to, an activity otherwise available in the locality of such program.

(2) PRIVATE NONPROFIT ENTITY.—Assistance made available under this title shall not be provided to a private nonprofit entity to conduct activities that are the same or substantially equivalent to activities provided by a State or local government agency that such entity resides in, unless the requirements of subsection (b) are met.

(b) NONDISPLACEMENT.—

(1) IN GENERAL.—An employer shall not displace an employee or position, including partial displacement such as reduction in hours, wages, or employment benefits, as a result of the use by such employer of a participant in a program receiving assistance under this title.

(2) SERVICE OPPORTUNITIES.—A service opportunity shall not be created under this title that will infringe in any manner on the promotional opportunity of an employed individual.

(3) LIMITATION ON SERVICES.—

(A) DUPLICATION OF SERVICES.—A participant in a program receiving assistance under this title shall not perform any services or duties or engage in activities that would otherwise be performed by an employee as part of the assigned duties of such employee.

(B) SUPPLANTATION OF HIRING.—A participant in any program receiving assistance under this title shall not perform any services or duties or engage in activities that will supplant the hiring of employed workers.

(C) DUTIES FORMERLY PERFORMED BY ANOTHER EMPLOYEE.—A participant in any program receiving assistance under this title shall not perform services or duties that have been performed by or were assigned to any—

(i) presently employed worker;

(ii) employee who recently resigned or was discharged;

(iii) employee who is subject to a reduction in force;

(iv) employee who is on leave (terminal, temporary, vacation, emergency, or sick); or

(v) employee who is on strike or who is being locked out.

SEC. 177. STATE ADVISORY BOARD.

(a) FORMATION OF BOARD.—Each State that applies for assistance under this title is encouraged to establish a State Advisory Board for National and Community Service.

(b) MEMBERS.—

(1) IN GENERAL.—The chief executive officer of a State referred to in subsection (a) shall appoint members to such Advisory Board from among—

(A) representatives of State agencies administering community service, youth service, education, social service, and job training programs; and

(B) representatives of labor, business, agencies working with youth, community-based organizations such as community action agencies, students, teachers, Older American Volunteer Programs as established under title II of the Domestic Volunteer Act of 1973 (42 U.S.C. 5001 et seq.), full-time youth service corps programs, school-based community service programs, higher education institutions, local educational agencies, volunteer public safety organizations, educational partnership programs, and other organizations working with volunteers.

(2) BALANCE OF MEMBERSHIP.—To the extent practicable, the chief executive officer of a State referred to in subsection (a) shall ensure that the membership of the Advisory Board is balanced according to race, ethnicity, and gender.

(c) DUTIES OF BOARD.—A State Advisory Board for National and Community Service established under subsection (a) shall assist the State agency administering a program receiving assistance under this title in—

(1) coordinating programs that receive assistance under this title and related programs within the State;

(2) disseminating information concerning service programs that receive assistance under this title;

(3) recruiting participants for programs that receive assistance under this title; and

(4) developing programs, training methods, curriculum materials, and other materials and activities related to programs that receive assistance under this title.

SEC. 178. EVALUATION.

(a) IN GENERAL.—The Commission shall provide, through grants or contracts, for the continuing evaluation of programs that receive assistance under this title, including evaluations that measure the impact of such programs, to determine—

(1) the effectiveness of such programs in achieving stated goals and the costs associated with such;

(2) for purposes of the reports required by subsection (h), the impact of such programs, in each State in which a program is conducted, on the ability of—

(A) the VISTA and older American volunteer programs (established under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 4950 et seq.));

(B) each regular component of the armed forces (as defined in section 101(4) of title 10, United States Code);

(C) each of the reserve components of the armed forces (as described in section 216(a) of title 5, United States Code); and

(D) the Peace Corps (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.));

to recruit individuals residing in such State to serve in such program; and

(3) the structure and mechanisms for delivery of services for such programs.

(b) COMPARISONS.—The Commission shall provide for inclusion in the evaluations required under subsection (a), where appropriate, comparisons of participants in such programs with individuals who have not participated in such programs.

(c) CONDUCTING EVALUATIONS.—Evaluations of programs under subsection (a) shall be conducted by individuals who are not directly involved in the administration of such program.

(d) PROGRAM OBJECTIVES.—The Commission shall ensure that programs that receive

assistance under subtitle D are evaluated to determine their effectiveness in—

(1) recruiting and enrolling diverse participants in such programs, consistent with the requirements of section 145, based on economic background, race, ethnicity, age, marital status, education levels, and disability;

(2) promoting the educational achievement of each participant in such programs, based on earning a high school diploma or the equivalent of such diploma and the future enrollment and completion of increasingly higher levels of education;

(3) encouraging each participant to engage in public and community service after completion of the program based on career choices and service in other service programs such as the Volunteers in Service to America Program and older American volunteer programs established under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.), the Peace Corps (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)), the military, and part-time volunteer service;

(4) promoting of positive attitudes among each participant regarding the role of such participant in solving community problems based on the view of such participant regarding the personal capacity of such participant to improve the lives of others, the responsibilities of such participant as a citizen and community member, and other factors;

(5) enabling each participant to finance a lesser portion of the higher education of such participant through student loans;

(6) providing services and projects that benefit the community;

(7) supplying additional volunteer assistance to community agencies without overloading such agencies with more volunteers than can effectively be utilized;

(8) providing services and activities that could not otherwise be performed by employed workers and that will not supplant the hiring of, or result in the displacement of, employed workers or impair the existing contracts of such workers; and

(9) attracting a greater number of citizens to public service, including service in the active and reserve components of the Armed Forces, the National Guard, the Peace Corps (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)), and the VISTA and older American volunteer programs established under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.).

(e) COMPARISON OF PROGRAM MODELS.—The Commission shall evaluate and compare the effectiveness of different program models in meeting the program objectives described in subsection (d) including full- and part-time programs, programs involving different types of national service, programs using different recruitment methods, programs offering alternative voucher options, and programs utilizing individual placements and teams.

(f) OBTAINING INFORMATION.—

(1) IN GENERAL.—In conducting the evaluations required under subsection (d), the Commission may require each program participant and State or local applicant to provide such information as may be necessary to carry out the requirements of this section.

(2) CONFIDENTIALITY.—The Commission shall keep information acquired under this section confidential.

(g) DEADLINE.—The Commission shall complete the evaluations required under subsection (d) not later than 2 years after the date of enactment of this Act.

(h) REPORTS.—

(1) INITIAL REPORT.—Not later than 24 months after the date on which the first program is initiated under this title, the Commission shall prepare and submit, to the appropriate Committees of Congress, a report containing the results of the evaluations conducted under subsection (a)(2) with respect to the first 18 months after such initiation date.

SEC. 179. ENGAGEMENT OF PARTICIPANTS.

A State shall not engage a participant to serve in any program that receives assistance under this title unless and until amounts have been appropriated under section 401 for the provision of vouchers and for the payment of other necessary expenses and costs associated with such participant.

SEC. 180. NATIONAL SERVICE DEMONSTRATION PROGRAM AMENDMENTS.

(a) TREATMENT OF EDUCATION AND HOUSING VOUCHER.—For purposes of determining eligibility for programs under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.) (hereafter in this section referred to as the "Act"), vouchers received under this Act shall be considered as estimated financial assistance as defined in section 428(a)(2)(C)(i) of title IV of the Act (20 U.S.C. 1078(a)(2)(C)(i)), except that in no case shall such a voucher be considered as—

(1) annual adjusted family income as defined in section 411F(1) of subpart 1 of part A of title IV of such Act (20 U.S.C. 1070a-6); or

(2) total income as defined in section 480(a) of part F of title IV of such Act (20 U.S.C. 1087vv(a)).

(b) TREATMENT OF STIPEND FOR LIVING EXPENSES.—In no case shall stipends received under this Act be considered in the determination of expected family contribution or independent student status under—

(1) subpart 1 of part A of title IV of such Act (20 U.S.C. 1070a et seq.); or

(2) part F of title IV of such Act (20 U.S.C. 1087kk et seq.).

(c) CONTINGENT EXTENSION.—Section 414 of the General Education Provisions Act (20 U.S.C. 1226a) shall apply to this Act.

SEC. 181. PARTNERSHIPS WITH SCHOOLS.

(a) DEFINITIONS.—As used in this section:

(1) PARTNERSHIP PROGRAM.—The term "partnership program" means a cooperative effort between an agency or department of the Federal government and an educational institution to enhance the education of students.

(2) SCHOOL VOLUNTEER.—The term "school volunteer" means an individual, beyond the age of compulsory schooling, working without financial remuneration under the direction of professional staff within a school or school district.

(b) DESIGN OF PROGRAMS.—The head of each Federal agency and department shall design and implement a comprehensive strategy to involve employees of such agencies and departments in partnership programs with elementary schools and secondary schools. Such strategy shall include—

(1) a review of existing programs to identify and expand the opportunities for such employees to be school volunteers;

(2) the designation of a senior official in each such agency and department who will be responsible for establishing school volunteer and partnership programs in each such agency and department and for developing school volunteer and partnership programs; and

(3) the encouragement of employees of such agencies and departments to participate in school volunteer and partnership programs.

(c) REPORT.—Not later than 180 days after the date of enactment of this Act, and on a regular basis thereafter, the head of each Federal agency and department shall prepare and submit, to the appropriate Committees of Congress, a report concerning the implementation of this section.

SEC. 182. SERVICE AS TUTORS.

Notwithstanding any other provision of this Act, a service opportunity through which a part-time participant serves as a classroom tutor under the supervision of a certified professional shall be considered an acceptable placement if the requirements of section 176(b) (1) and (2) and section 173 are met.

SEC. 183. CONFORMING AMENDMENTS.

The Higher Education Act of 1965 is amended—

(1) in section 411F(9) (20 U.S.C. 1070a-6(9)), by adding at the end thereof the following new subparagraph:

"(F) Annual adjusted family income does not include any stipend received by a participant in programs established under the National and Community Service Act of 1990.";

(2) in section 411F(12)(B)(vi) (20 U.S.C. 1070a-6(12)(B)(vi)), by striking "(including all sources of resources other than parents)" and inserting "(including all sources of resources other than parents and stipends received as a result of participation in a program established under the National and Community Service Act of 1990.)";

(3) in section 480(f) (20 U.S.C. 1087vv(f)), by—

(A) striking "and" at the end of paragraph (1);

(B) by striking the period at the end of paragraph (2) and inserting a semicolon and "and"; and

(C) adding at the end thereof the following new paragraph:

"(3) any stipend received by a participant in a program established under the National and Community Service Act of 1990."; and

(4) in section 480(d)(2)(F) (20 U.S.C. 1087vv(d)(2)(F)), by inserting after "other than parents" "and stipends received as a result of participation in a program established under the National and Community Service Act of 1990)".

Subtitle G—Commission on National and Community Service

SEC. 190. COMMISSION ON NATIONAL AND COMMUNITY SERVICE.

(a) ESTABLISHMENT.—There is established a Commission on National and Community Service that shall administer the programs established under this title.

(b) BOARD OF DIRECTORS.—

(1) COMPOSITION.—The Commission shall be administered by a Board of Directors (hereinafter referred to in this section as the "Board") that shall be composed of 21 members, to be appointed by the President with the advice and consent of the Senate, who shall be individuals who have extensive experience in volunteer and service opportunity programs and who represent a broad range of viewpoints. The membership of the Board shall be balanced according to the race, ethnicity and gender of its members.

(2) POLITICAL PARTIES.—Not more than 11 members of the Board shall belong to the same political party.

(3) TERMS.—Each member of the Board shall serve for a term of 2 years, except that, subject to the provisions of paragraph (4), eleven of the initial members of the

Board shall serve for a term of 1 year, as designated by the President.

(4) VACANCIES.—

(A) IN GENERAL.—As vacancies occur on the Board, new members shall be appointed by the President with the advice and consent of the Senate and serve for the remainder of the term for which the predecessor of such member was appointed.

(5) CHAIRPERSON.—The Board shall elect a chairperson and vice-chairperson from among its membership.

(6) MEETINGS.—The Board shall meet not less than three times each year. The Board shall hold additional meetings if seven members of the Board request such meetings in writing. A majority of the Board shall constitute a quorum.

(7) EXPENSES.—While away from their homes or regular places of business on the business of the Board, members of such Board may be allowed travel expenses, including per diem in lieu of subsistence, as is authorized under section 5703 of title 5, United States Code, for persons employed intermittently in the Government service.

(c) DUTIES.—The Board shall—

(1) advise the President and the Congress concerning developments in national and community service that merit the attention of the President and the Congress;

(2) design and administer the programs or initiatives established under this title;

(3) shall consult with appropriate Federal agencies in administering programs that receive assistance under title I;

(4) may delegate authority to administer the programs established under this title to any other agency or entity of the Federal Government, on the agreement of such agency or entity, as the Board determines appropriate;

(5) shall provide, directly or through contract with public or private nonprofit organizations with extensive experience in service programs, training and technical assistance to States, school and community-based service programs, full-time youth service corps, and national service demonstration programs;

(6) shall arrange for the evaluation of programs established under this title, in accordance with section 178;

(7) coordinate with the Secretary of Defense in evaluating the effect of the national service demonstration program on the recruitment efforts of the active and reserve components of the Armed Forces; and

(8) carry out any other activities determined appropriate by the Secretary.

(d) EXECUTIVE DIRECTOR OF THE BOARD.—

(1) IN GENERAL.—The Board shall appoint an individual to serve as Executive Director of the Board (hereinafter referred to in this section as the "Director").

(2) DUTIES.—The Director shall advise the Board concerning developments in volunteer or national service that the Director determines merits the attention of the Board, identify promising service initiatives, and coordinate the work of the Board with the work of other Federal agencies involved in service activities and in the design of a competitive grant to provide assistance as authorized under this title.

(e) TECHNICAL EMPLOYEES.—The Director may, at the discretion of the Board, appoint not more than 10 technical employees to administer the Committee. Such employees shall be appointed for terms that shall not exceed 2 years, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and 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.

(f) CLEARINGHOUSES.—

(1) IN GENERAL.—The Board shall provide assistance to not less than three national or regional service clearinghouses.

(2) PUBLIC AND PRIVATE NONPROFIT AGENCIES.—Public and private nonprofit agencies that have extensive experience in community service, adult volunteer and partnership programs, youth service, and other volunteer programs shall be eligible to receive funds under paragraph (1).

(3) FUNCTION OF CLEARINGHOUSES.—National and regional clearinghouses that receive assistance under paragraph (1) shall—

(A) assist State and local community service programs with needs assessments and planning;

(B) conduct research and evaluations concerning community service;

(C) provide leadership development and training to State and local community service program administrators, supervisors, and participants;

(D) administer award and recognition programs for outstanding community service programs and participants; and

(E) facilitate communication amongst community service programs and participants.

(4) GRANTS.—

(A) IN GENERAL.—The Board may make grants to national model service programs.

(B) ELIGIBILITY.—States, education institutions, local government agencies, community-based agencies, nonprofit organizations, or consortia composed thereof shall be eligible to receive grants under subparagraph (A).

(C) DISSEMINATION OF INFORMATION.—The Board shall widely disseminate information concerning national model service programs that receive assistance under subparagraph (A).

(5) INNOVATIVE CURRICULUM MATERIALS.—The Board may make grants for the development of innovative curriculum materials for use in youth community service and adult volunteer partnership programs.

(g) PRESIDENTIAL AWARDS FOR SERVICES.—

(1) PRESIDENTIAL AWARDS.—

(A) IN GENERAL.—The President, acting through the Commission, is authorized to make Presidential Awards for service to individuals demonstrating outstanding community service and to outstanding service programs.

(B) NUMBER OF AWARDS.—The President is authorized to make one individual and one program award in each Congressional district, and one Statewide program award in each State.

(C) CONSULTATION.—The President shall consult with the Governor of each State, and with the Board, in the selection of individuals and programs for Presidential Awards.

(D) PARTICIPANTS IN PROGRAMS.—An individual receiving an award under this subsection need not be a participant in a program assisted under this title.

(2) INFORMATION.—The President shall ensure that information concerning individuals and programs receiving awards under this subsection is widely disseminated.

(h) DETAIL OF EMPLOYEES.—Any Federal government employee may be detailed to the Commission without payment of reimbursement to the detailing agency. Such detail of a Federal employee shall not result in the interruption or loss of civil service status or privilege of such employee.

(i) LIMITATION.—In each fiscal year the Commission shall limit the value of any benefits conferred under this Act, to an amount that is not in excess of the appropriations for such fiscal year to carry out this Act, and if the fulfillment of the requirements of this Act requires amounts in excess of the limitation described in this subsection, such benefits shall be reduced to the extent necessary to comply with the requirements of this subsection.

TITLE II—MODIFICATIONS OF EXISTING EDUCATION PROGRAMS

SEC. 201. REFERENCES.

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 Higher Education Act of 1965.

Subtitle A—Higher Education

SEC. 210. INNOVATIVE PROJECTS FOR COMMUNITY SERVICE.

(a) PURPOSE.—Section 1061 of the Act (20 U.S.C. 1135e) is amended by striking out "projects in exchange" and all that follows through the end thereof, and inserting in lieu thereof "activities before, during, or after the completion of such student's higher education.".

(b) USE OF GRANTS.—Section 1062 of the Act (20 U.S.C. 1135e-1) is amended to read as follows:

"SEC. 1062. INNOVATIVE PROJECTS FOR COMMUNITY SERVICE.

"(a) GENERAL AUTHORITY.—The Secretary is authorized, in accordance with the provisions of this part, to make grants to, and enter into contracts with, institutions of higher education (including combinations of such institutions), and other public agencies and nonprofit organizations working in partnership with institutions of higher education, for purposes including—

"(1) encouraging students to participate in community service activities that will engender a sense of social responsibility and commitment to the community;

"(2) encouraging students to assist in the teaching of individuals with limited basic skills or an inability to read and write;

"(3) creating opportunities for students to engage in community service activities in exchange for financial assistance that reduces the debt acquired by students in the course of completing postsecondary education;

"(4) encouraging student-initiated and student designated community service projects; and

"(5) encouraging the integration of community service into academic curricula.

"(b) ADMINISTRATIVE PROVISIONS.—

"(1) APPLICATION.—No grant may be made, and no contract may be entered into, under this section unless an application is made to the Director of the Fund for Improvement of Postsecondary Education (hereinafter referred to as the 'Director') at such time, in such manner, and contained or accompanied by such information as the Director may reasonably require. Such applications shall include plans that describe the manner in which appropriate training is to be provided to participants and supervisors.

"(2) ADVISE.—Consistent with the provisions of section 1003(c), the National Board of the Fund for the Improvement of Postsecondary Education shall advise the Director on programs, priorities, and the selection of projects developed under the authority of this section.

"(3) TECHNICAL EMPLOYEES.—

"(A) IN GENERAL.—The Secretary may appoint, for terms of not to exceed 2 years, without regard to the provisions of title 5, United States Code governing appointments in the competitive service, technical employees to administer this part who may be paid 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.

"(B) LIMITATION.—The Secretary may appoint not more than 1 technical employee for each $2,000,000 appropriated under section 1063.

"(4) APPLICATION OF OTHER SECTION.—The provisions of section 1004(b) shall apply to grants made under this section.

"(5) CONSTRUCTION.—Nothing in this part shall be construed as requiring an institution of higher education to offer academic credit as a requirement of receiving assistance under this part.".

Subtitle B—State Student Incentive Grant and Work Study Programs

SEC. 220. ADDITIONAL RESERVATION FOR CAMPUS-BASED COMMUNITY WORK LEARNING STUDY JOBS.

Section 415B(a) of such Act (20 U.S.C. 1070c-1(a)) is amended by inserting the following new paragraph at the end thereof:

"(3)(A) If the amount appropriated to carry out this subpart exceeds $75,000,000, the Secretary shall, notwithstanding the provisions of section 415(C)(b)(3)(A), allot 50 percent of such excess to the States for the purpose described in section 415(C)(b)(3)(B).

"(B) The Secretary shall make the allotment required under subparagraph (A) based on the number of students participating in campus-based community work learning study jobs assisted under this subpart in each State as compared to the total number of students participating in such jobs in all States.".

SEC. 221. WORK STUDY PROGRAMS.

(a) WORK STUDY PROGRAMS.—Section 443(b)(5) of such Act (42 U.S.C. 2753(b)(5)) is amended by striking "and 70 percent for academic year 1990-1991" and inserting "70 percent for academic years 1990-1991 and 1991-1992, and 60 percent for academic year 1992-1993".

(b) COMMUNITY SERVICE LEARNING PROGRAMS.—Section 443(b)(5)(B) of such Act is amended by striking "90" and inserting "100".

SEC. 222. PUBLIC HEALTH AMENDMENT.

Section 361(a) of the Public Health Service Act (42 U.S.C. 264(a)) is amended by striking out "The" and inserting in lieu thereof "Notwithstanding any other provision of Federal law, the".

Subtitle C—Publication

SEC. 230. INFORMATION FOR STUDENTS.

(a) INSTITUTIONAL AND FINANCIAL.—Section 485(a)(1) of such Act (20 U.S.C. 1092(a)(1)) is amended—

(1) by striking out "and" at the end of subparagraph (J);

(2) by striking out the period at the end of subparagraph (K) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding at the end thereof the following new subparagraph:

"(L) the terms and conditions under which students receiving guaranteed student loans under part B of this title or direct student loans under part E of this title, or both, may—

"(i) obtain deferral of the repayment of the principal and interest for service under the Peace Corps Act (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)) or under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.), or for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated effectiveness, and

"(ii) obtain partial cancellation of the student loan for service under the Peace Corps Act (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)) or under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.).".

(b) PARTICIPATION AGREEMENTS.—Section 487(a)(7) of such Act (20 U.S.C. 1094(a)(7)) is amended by inserting before the period a comma and the following: "particularly the requirements of subsection (a)(1)(L) of such section".

SEC. 231. EXIT COUNSELING FOR BORROWERS.

Section 485(b) of such Act (20 U.S.C. 1092(b)) is amended—

(1) by striking "and" at the end of paragraph (1);

(2) by striking the period at the end of paragraph (2) and inserting in lieu thereof a semicolon and "and"; and

(3) by inserting after paragraph (2) the following new paragraph:

"(3) the terms and conditions under which the student may obtain partial cancellation or defer repayment of the principal and interest for service under the Peace Corps Act (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)) or under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.) or for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated effectiveness.".

SEC. 232. DEPARTMENT INFORMATION ON DEFERMENTS AND CANCELLATIONS.

Section 485(d) of such Act (20 U.S.C. 1092(d)) is amended by inserting before the last sentence the following new sentence: "The Secretary shall provide information concerning the specific terms and conditions under which students may obtain partial cancellation or defer repayment of loans for service under the Peace Corps Act (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)) and the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.) or for comparable full-time service as a volunteer with a tax-exempt organization of demonstrated effectiveness, shall indicate (in terms of the Federal minimum wage) the maximum level of compensation and allowances that a student borrower may receive from a tax-exempt organization to qualify for a deferment, and shall explicitly state that students may qualify for such partial cancellations or deferments when they serve as a paid employee of a tax-exempt organization.".

SEC. 233. DATA ON DEFERMENTS AND CANCELLATIONS.

Section 485B(a) of such Act (20 U.S.C. 1092b(a)) is amended—

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting in lieu thereof a semicolon and "and"; and

(3) by adding the following new paragraph after paragraph (4):

"(5) the exact amount of loans partially canceled or in deferment for service under the Peace Corps Act (22 U.S.C. 2501 et seq.)), for service under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.), and for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated effectiveness.".

Subtitle D—Direct Loans to Students in Institutions of Higher Education

SEC. 240. LOAN CANCELLATION AUTHORIZED.

(a) CANCELLATION FOR CERTAIN SERVICE.—Section 465(a)(2) of such Act (20 U.S.C.1087ee(a)(2)) is amended—

(1) by striking out "or" at the end of subparagraph (D);

(2) by striking out the period at the end of subparagraph (E) and inserting in lieu thereof a semicolon and the word "or"; and

(3) by adding at the end thereof the following new subparagraph:

"(F) as a full-time volunteer in service comparable to service referred to in subparagraph (E) for an organization of demonstrated effectiveness which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code 1986.".

(b) CANCELLATION PERCENTAGE.—Section 465(a)(3)(A) of such Act (20 U.S.C. 1087ee(a)(3)(A)) is amended—

(1) by striking out "or" at the end of clause (iii);

(2) by striking out the period at the end of clause (iv) and inserting in lieu thereof a semicolon and the word "or"; and

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

"(v) in the case of service described in subparagraph (F) of paragraph (2) at the rate of 15 percent for the first or second year of such service and 20 percent of the third or fourth year of such service.".

SEC. 241. EFFECTIVE DATE.

The amendments made by section 240 shall apply only to loans made to cover the costs of instruction for periods of enrollment beginning on or after 30 days after the date of enactment of this subtitle.

Subtitle E—Loan Forgiveness

SEC. 250. LOAN FORGIVENESS.

(a) IN GENERAL.—Part B of title IV of such Act is amended by inserting after section 432 (20 U.S.C. 1082) the following new section:

"SEC. 432A. TREATMENT OF STUDENT VOLUNTEERS.

"(a) IN GENERAL.—Notwithstanding any other provision of law except subsection (c), a loan insurable under section 427, or the student loan insurance program of a State, institution, or organization under section 428, shall provide that, in the case of any student borrower who, prior to the beginning of the repayment period, agrees in writing to volunteer for service under the Peace Corps Act (22 U.S.C. 2501 et seq.) or under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.) or for comparable full-time service as a volunteer with a tax exempt organization of demonstrative effectiveness, for the payment by the United States of the percent of the amount of loans specified in subsection (b).

"(b) PARTIAL CANCELLATION AUTHORITY.—

"(1) AGREEMENT.—The Secretary shall enter into an agreement with any student borrower described in section 427(a)(2)(H) or 428(b)(1)(V) under which the borrower shall agree to serve as a volunteer under the Peace Corps Act (22 U.S.C. 2501 et seq.) or under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.) or for comparable full-time service as a volunteer with a tax-exempt organization of demonstrated effectiveness.

"(2) ASSURANCES.—The agreement entered into under paragraph (1) shall contain provisions designed to assure that—

"(A) the Secretary will assume the obligation of paying the percent of any loan made, insured, or guaranteed under this part,

except those described in sections 428A, 428B and 428C, pursuant to the schedule described in paragraph (5); and

"(B) the student borrower who fails to volunteer for service in accordance with the agreement will assume the obligation of paying the amount of any such loan attributable to the period for which the student borrower failed to comply with the agreement.

"(3) PAYMENT.—The Secretary shall in each fiscal year pay to the holder of each loan for which the Secretary assumes responsibility under this subsection the amount specified in paragraph (5).

"(4) WAIVER OR SUSPENSION.—The Secretary shall waive or suspend any obligation of service or payment of any loan, or any part thereof, to which the United States is entitled under paragraph (2)(A) whenever the Secretary determines that compliance by an individual with the agreement is impossible or would involve extreme hardship to the individual.

"(5) AMOUNT OF PAYMENT.—

"(A) IN GENERAL.—The percentage of a loan that shall be paid by the United States under paragraph (2)(A) shall be 15 percent for the first or second year of service and 20 percent for the third or fourth year of service as described in paragraph (1).

"(B) INTEREST.—If a portion of the loan is paid by the Secretary under this subsection for any year, the entire amount of interest on such loan which accrues for such year shall be paid by the Secretary.

"(C) CONSTRUCTION.—Nothing in this subsection shall be construed to authorize the refunding of any repayment on the loan.

"(c) LIMITATION.—In each fiscal year, the Secretary shall limit the value of any benefits conferred under this section to an amount that is not in excess of the appropriation for such fiscal year to carry out this section, and if the fulfillment of the requirements of this section requires amounts in excess of this limitation described in this subsection, such benefits shall be reduced to the extent necessary to comply with the requirements of this subsection.".

(c) TECHNICAL AMENDMENTS.—

(1) STUDENT VOLUNTEER.—

(A) NOTE.—Section 427(a)(2)(B)(ii) of such Act (20 U.S.C. 1077(a)(2)(B)(ii)) is amended by inserting after "that" a comma and the following: "subject to the provisions of subparagraph (H),".

(B) PAYMENT BY FEDERAL GOVERNMENT.—Section 427(a)(2) of such Act (20 U.S.C. 1077(a)(2)(B)(ii)) is amended by—

(i) striking out "and" at the end of subparagraph (G);

(ii) redesignating subparagraph (H) as subparagraph (I); and

(iii) inserting after subparagraph (G) the following new subparagraph:

"(H) complies with section 432A.".

(2) FEDERAL PAYMENT TO REDUCE INTEREST.—

(A) INSURANCE PROGRAM REQUIREMENT.—Section 428(b)(1)(D) of such Act (20 U.S.C. 1078(b)(1)(D)) is amended by inserting after "paragraph" the following: "and subject to subparagraph (V)".

(B) PAYMENT BY FEDERAL GOVERNMENT.—Section 428(b)(1) of such Act (20 U.S.C. 1078(b)(1)(D)) is amended by—

(i) striking out "and" at the end of subparagraph (T);

(ii) striking out the period at the end of subparagraph (U) and by inserting in lieu thereof a semicolon and "and"; and

(iii) adding at the end thereof the following new subparagraph:

"(V) complies with section 432A.".

SEC. 251. EFFECTIVE DATE.

The amendments made by section 250 shall apply only to loans made to cover the costs of instruction for periods of enrollment beginning on or after 30 days after the date of enactment of this Act.

TITLE III—POINTS OF LIGHT INITIATIVE FOUNDATION

SEC 301. SHORT TITLE.

This title may be cited as the "Points of Light Initiative Foundation Act".

SEC. 302. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) community service and service to others is an integral part of American tradition;

(2) existing volunteers and volunteer programs should be praised for their efforts in helping and serving others;

(3) the definition of a successful life includes service to others;

(4) individuals should be encouraged to volunteer their time and energies in community service efforts;

(5) if asked to volunteer or participate in community service, most Americans will do so;

(6) institutions should be encouraged to volunteer their resources and energies and should encourage volunteer and community service among their members, employees, affiliates; and

(7) volunteer and community service programs are intended to complement and not replace governmental responsibilities.

(b) PURPOSE.—It is the purpose of this title—

(1) to encourage every American and every American institution to help solve our most critical social problems by volunteering their time, energies and services through community service projects and initiatives;

(2) to identify successful and promising community service projects and initiatives, and to disseminate information concerning such projects and initiatives to other communities in order to promote their adoption nationwide; and

(3) to discover and encourage new leaders and develop individuals and institutions that serve as strong examples of a commitment to serving others and to convince all Americans that a successful life includes serving others.

SEC. 303. AUTHORITY.

(a) The President is authorized to designate a private, nonprofit organization (hereafter referred to as the Foundation) to receive funds pursuant to section 401(a)(7), upon his determination that such organization is capable of carrying out the undertakings described in section 302. Any such designation by the President shall be revocable.

(b) Nothing in this Act shall be construed either (i) to cause the Foundation to be deemed an agency, establishment, or instrumentality of the United States Government, or (ii) to cause the directors, officers or employees of the Foundation to be deemed officers or employees of the United States.

SEC. 304. GRANTS TO THE FOUNDATION.

(a) Funds made available pursuant to sections 303 and 401(a)(7) shall be granted to the Foundation by a department or agency in the executive branch of the United States Government designated by the President—

(1) to assist the Foundation in carrying out the undertakings described in section 302; and

(2) for administrative expenses of the Foundation.

(b) Notwithstanding any other provision of law, the Foundation may hold funds granted to it pursuant to this Act in interest-bearing accounts, prior to the disbursement of such funds for purposes specified in subsection (a) of this section, and may retain for such purposes any interest earned on such deposits without returning such interest to the Treasury of the United States and without further appropriation by the Congress.

SEC. 305. ELIGIBILITY OF THE FOUNDATION FOR GRANTS.

(a) Grants may be made to the Foundation pursuant to this Act only if the Foundation agrees to comply with the requirements specified in this Act. If the Foundation fails to comply with the requirements specified in this Act, additional funds shall not be released until the Foundation brings itself into compliance with these requirements.

(b) The Foundation may use funds provided by this Act only for activities and programs consistent with the purposes set forth in sections 302 and 304.

(c) The Foundation shall not issue any shares of stock or declare or pay any dividends.

(d) No part of the funds available to the Foundation shall inure to the benefit of any board member, officer, or employee of the Foundation, except as salary or reasonable compensation for services or expenses. Compensation for board members shall be limited to reimbursement for reasonable costs of travel and expenses.

(e) No director, officer, or employee of the Foundation shall participate, directly or indirectly, in the consideration or determination of any question before the Foundation that affects his or her financial interests or the financial interests of any corporation, partnership, entity, or organization in which he or she has a direct or indirect financial interest.

(f) The Foundation shall not engage in lobbying or propaganda for the purpose of influencing legislation, and shall not participate or intervene in any political campaign on behalf of any candidate for public office.

(g) During the second fiscal year in which funds are granted to the Foundation pursuant to this Act, the Foundation shall raise from private sector donations an amount equal to at least one-fourth of any funds granted to the Foundation pursuant to this Act in that fiscal year. Funds shall be released to the Foundation during this fiscal year only to the extent that this matching requirement has been met.

(h) The accounts of the Foundation shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The report of each such independent audit shall be included in the annual report required by subsection (l) of this section.

(i) So long as the Foundation is receiving grants pursuant to this Act, the accounts of the Foundation may be audited at any time by any agency designated by the President. The Foundation shall keep such records as will facilitate effective audits.

(j) So long as it is receiving grants pursuant to this Act, the Foundation shall be subject to appropriate oversight procedures of the Congress.

(k) The Foundation shall ensure—

(1) that any recipient of financial assistance provided by the Foundation from funds granted pursuant to this Act keeps separate accounts with respect to such assistance and such records as may be reasonably necessary to disclose fully (i) the amount and the disposition by such recipient of the assistance received from the Foundation, (ii) the total cost of the project or undertaking in connection with which such assistance is given or used, (iii) the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and (iv) such other records as will facilitate effective audits; and

(2) that the Foundation, or any of its duly authorized representatives (including any agency designated by the President pursuant to subsection (i) of this section), shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of the recipient that are pertinent to assistance provided from funds granted pursuant to this title.

(l) The Foundation shall submit to the President and to the Congress an annual report, which shall include a comprehensive and detailed description of the Foundation's operations, activities, financial condition, and accomplishments for the preceding fiscal year. This report shall be submitted not later than three months after the conclusion of any fiscal year in which the Foundation receives grants pursuant to this Act.

SEC. 306. POWERS AND FUNCTIONS.

The Foundation, in addition to the other powers and functions provided for in this title—

(1) shall have perpetual succession, except that such Foundation may be dissolved by an Act of Congress;

(2) may adopt, alter, and use a corporate seal;

(3) may make and perform contracts and other agreements with any individual, corporation, or other entity and with any government agency;

(4) may acquire by purchase, devise, bequest, or gift, or otherwise lease, hold, and improve, such real and personal property as the Board finds to be necessary to achieve the purposes of the Foundation;

(5) may accept money, funds, property, and services of every kind of gift, devise, bequest, grant, or otherwise;

(6) may establish and operate such programs, adopt such policies, and pursue such activities as may be determined appropriate by the Board to further the purposes of the Foundation; and

(7) shall have such other powers as may be necessary and appropriate to carrying out its powers and duties under this Act.

SEC. 307. PRINCIPAL AND BRANCH OFFICES.

The Foundation shall establish a principal office in the District of Columbia and may establish such branch offices or other offices in any place within the United States or elsewhere where the Foundation may carry out its operations.

SEC. 308. NONPROFIT NATURE OF THE FOUNDATION.

(a) IN GENERAL.—The Foundation shall be a nonprofit corporation and shall have no capital stock.

(b) REVENUE AND EARNINGS.—No part of the revenue, earnings, or other income or property of the Foundation shall inure to the benefit of the members of the Board, the officers, or the employees of the Foundation, and such revenue, earnings or other income, or property shall be used for carrying out the purposes of this title.

(c) CONFLICT OF INTEREST.—No member of the Board, officer or employee of the Foundation shall in any manner, directly or indirectly, participate in the deliberation or the determination of any question affecting the personal interests of such members, officer or employee or the interests of any corporation, partnership or organization in which such members, officer or employee is directly or indirectly interested.

(d) CONTRIBUTIONS.—The Foundation shall not contribute to or otherwise support any political party or candidate for elective public office.

SEC. 309. EXEMPTION FROM TAX.

The Foundation, including its income, shall be exempt from taxation imposed by the United States or any territory or possession thereof, or by any State, county, municipality, or local taxing authority.

SEC. 310. OVERSIGHT.

The Board shall use amounts appropriated under section 401(a)(7) to—

(1) prepare and submit, to the appropriate Committees of Congress and the President, an annual report concerning the activities of the Foundation and the expenditure of funds by such;

(2) procure audits of its activities by the Comptroller General; and

(3) participate in the Office of Management and Budget budget review process.

SEC. 311. ANNUAL BUDGET.

The Foundation shall establish an annual budget for use in allocating amounts available to the Foundation under section 401(a)(7). The Foundation may, in each fiscal year, supplement the appropriation for such fiscal year under such section (a) with private resources.

TITLE IV—AUTHORIZATION OF APPROPRIATIONS

SEC. 401. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to carry out this Act, $50,000,000 for fiscal year 1990 and $75,000,000 for fiscal year 1991, of which the Secretary shall make available—

(1) to carry out subtitle B of title I, $10,000,000 for fiscal year 1990 and $15,000,000 for fiscal year 1991;

(2) to carry out subtitle C of title I, $14,000,000 for fiscal year 1990 and $21,000,000 for fiscal year 1991;

(3) to carry out subtitle D of title I, $14,000,000 for fiscal year 1990 and $21,000,000 for fiscal year 1991;

(4) to carry out subtitle E of title I, $400,000 for fiscal year 1990 and $600,000 for fiscal year 1991;

(5) to carry out subtitle G of title I, $800,000 for fiscal year 1990 and $1,200,000 for fiscal year 1991;

(6) to establish clearinghouses under section 190(f), $800,000 for fiscal year 1990 and $1,200,000 for fiscal year 1991; and

(7) to carry out title III, $10,000,000 for fiscal year 1990 and $15,000,000 for fiscal year 1991.

(b) POINTS OF LIGHT FOUNDATION.—If any amounts made available under subsection (a)(7) are not used by the Points of Light Foundation, such amounts shall be made available to carry out subtitles B, C, and D of title I on a pro rata basis.

(c) UNUSED APPROPRIATIONS.—If an amount authorized to be appropriated in any fiscal year is not appropriated, or is appropriated but not expended in such fiscal year, such amount shall remain available to be appropriated, or expended, in the following fiscal year.

TITLE V—GENERAL PROVISIONS

SEC. 501. EMERGENCY MEDICAL SERVICES FOR CHILDREN.

Section 1910(a) of the Public Health Service Act (42 U.S.C. 300w-9(a)) is amended in the first sentence—

(1) by striking out "not more than four";

(2) by striking out "in any fiscal year"; and

(3) by striking out "in such States".

SEC. 502. PHYSICIAN'S COMPARABILITY ALLOWANCE.

The positions of the Assistant Secretary for Health, the Deputy Assistant Secretary for Health, the heads of the Public Health Services agencies, and other positions that are compensated under subchapter II of chapter 53, of title 5, United States Code, relating to the Executive Schedule, when employed as physicians shall be defined as "government physicians" for purposes of eligibility for physicians comparability allowance as defined in section 5948 of title 5, United States Code.

SEC. 503. POLICY REGARDING "PEACE DIVIDEND".

(a) FINDINGS.—The Senate finds that—

(1) in recent months, dramatic movements toward greater political and economic freedom have occurred in Eastern Europe and the Soviet Union, and

(2) these democratic reforms will permit the preservation of our Nation's security at a cost less than current budget levels.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that funds saved as a result of reductions in military expenditures shall be used for—

(1) balancing the budget, without resorting to use of the Social Security surpluses, in order to stop the ongoing "thievery" and "embezzlement" from the Social Security Trust Funds;

(2) urgent national priorities, including investing in America's future, anti-drug and anti-crime efforts, education, health care, the environment, rebuilding the infrastructure, assisting emerging democracies, and other critical needs;

(3) tax reductions for working men and women.

SEC. 504. DRUG FREE WORKPLACE REQUIREMENTS.

All programs receiving grants provided under this Act shall be subject to the Drug-Free Workplace Requirements for Federal Grant Recipients under section 5153 through 5158 of the Anti-Drug Abuse Act of 1988 (41 U.S.C. 702-707).

SEC. 505. AMEND SECTION 1-2503 OF DISTRICT OF COLUMBIA CODE.

Sec. 1-2503 of the District of Columbia Code (1981 edition) is amended by redesignating subsection (c) as subsection (d) and inserting after subsection (b) the following new subsection:

"(c)(1) Nothing in this chapter shall be construed to bar any organization or entity from denying, restricting, abridging, or conditioning the participation in any program or activity that educates, coaches or trains any minor, or holds out an adult as a role model, mentor, or companion to any minor, of any adult homosexual, bisexual or heterosexual person who has been convicted of or is charged with a sexual offense with a minor, or who otherwise poses a threat of engaging in sex with a minor or otherwise sexually abusing a minor; and

"(2) nothing in this chapter shall be construed to bar any organization or entity from denying, restricting, abridging, or conditioning the participation of any adult homosexual, bisexual or heterosexual person in any voluntary program or activity that

educates, coaches, or trains any minor, or holds out an adult as a role model, mentor, or companion to a minor, if the parent or guardian of said minor objects to the participation of such person based on the person's sexual orientation.".

SEC. 506. SENSE OF CONGRESS CONCERNING ENACTMENT OF GOOD SAMARITAN FOOD DONATION ACT.

(a) IN GENERAL.—It is the sense of Congress that each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States should—

(1) encourage the donation of apparently wholesome food or grocery products to nonprofit organizations for distribution to needy individuals; and

(2) consider the model Good Samaritan Food Donation Act (provided in subsection (c)) as a means of encouraging the donation of the food and products.

(b) DISTRIBUTION OF COPIES.—The Archivist of the United States shall distribute a copy of this section to the chief executive officer of each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(c) MODEL GOOD SAMARITAN FOOD DONATION ACT.—

(1) SHORT TITLE.—This subsection may be cited as the "Good Samaritan Food Donation Act".

(2) DEFINITIONS.—As used in this section:

(A) APPARENTLY FIT GROCERY PRODUCT.—The term "apparently fit grocery product" means a grocery product that meets all quality and labeling standards imposed by Federal, State, and local laws and regulations even though the product may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other condition.

(B) APPARENTLY WHOLESOME FOOD.—The term "apparently wholesome food" means food that meets all quality and labeling standards imposed by Federal, State, and local laws and regulations even though the food may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other condition.

(C) DONATE.—The term "donate" means to give without requiring anything of monetary value from the recipient, except that the term shall include giving by a nonprofit organization to another nonprofit organization, notwithstanding that the donor organization has charged a nominal fee to the donee organization, if the ultimate recipient or user is not required to give anything of monetary value.

(D) FOOD.—The term "food" means any raw, cooked, processed, or prepared edible substance, ice, beverage, or ingredient used or intended for use in whole or in part for human consumption.

(E) GLEANER.—The term "gleaner" means a person who harvests for free distribution to the needy, or for donation to a nonprofit organization for ultimate distribution to the needy, an agricultural crop that has been donated by the owner.

(F) GROCERY PRODUCT.—The term "grocery product" means a nonfood grocery product, including a disposable paper or plastic product, household cleaning product, laundry detergent, cleaning product, or miscellaneous household item.

(G) GROSS NEGLIGENCE.—The term "gross negligence" means voluntary and conscious conduct by a person with knowledge (at the time of the conduct) that the conduct is likely to be harmful to the health or well-being of another person.

(H) INTENTIONAL MISCONDUCT.—The term "intentional misconduct" means conduct by a person with knowledge (at the time of the conduct) that the conduct is harmful to the health or well-being of another person.

(I) NONPROFIT ORGANIZATION.—The term "nonprofit organization" means an incorporated or unincorporated entity that—

(i) is operating for religious, charitable, or educational purposes; and

(ii) does not provide net earnings to, or operate in any other manner that inures to the benefit of, any officer, employee, or shareholder of the entity.

(J) PERSON.—The term "person" means an individual, corporation, partnership, organization, association, or governmental entity, including a retail grocer, wholesaler, hotel, motel, manufacturer, restaurant, caterer, farmer, and nonprofit food distributor or hospital. In the case of a corporation, partnership, organization, association, or governmental entity, the term includes an officer, director, partner, deacon, trustee, council member, or other elected or appointed individual responsible for the governance of the entity.

(3) LIABILITY FOR DAMAGES FROM DONATED FOOD AND GROCERY PRODUCTS.—A person or gleaner shall not be subject to civil or criminal liability arising from the nature, age, packaging, or condition of apparently wholesome food or an apparently fit grocery product that the person or gleaner donates in good faith to a nonprofit organization for ultimate distribution to needy individuals, except that this paragraph shall not apply to an injury to or death of an ultimate user or recipient of the food or grocery product that results from an act or omission of the donor constituting gross negligence or intentional misconduct.

(4) COLLECTION OR GLEANING OF DONATIONS.—A person who allows the collection or gleaning of donations on property owned or occupied by the person by gleaners or unpaid representatives of a nonprofit organization for ultimate distribution to needy individuals shall not be subject to civil or criminal liability that arises due to the injury of the gleaner or representative, except that this paragraph shall not apply to an injury or death that results from an act or omission of the person constituting gross negligence or intentional misconduct.

(5) PARTIAL COMPLIANCE.—If some or all of the donated food and grocery products do not meet all quality and labeling standards imposed by Federal, State, and local laws and regulations, the person or gleaner who donates the food and products shall not be subject to civil or criminal liability in accordance with this section if the nonprofit organization that receives the donated food or products—

(A) is informed by the donor of the distressed or defective condition of the donated food or products;

(B) agrees to recondition the donated food or products to comply with all the quality and labeling standards prior to distribution; and

(C) is knowledgeable of the standards to properly recondition the donated food or product.

(6) CONSTRUCTION.—This subsection shall not be construed to create any liability.

(d) EFFECT OF SECTION.—The model Good Samaritan Food Donation Act (provided in subsection (c)) is intended only to serve as a model law for enactment by the States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States. The enactment of subsection (c) shall have no force or effect in law.

SEC. 507. CONDEMNING HUMAN RIGHTS REPRESSION IN CHINA.

(a) The Senate finds that—

(1) on June 4, 1989, the Government of the People's Republic of China brutally massacred thousands of innocent Chinese nationals demonstrating in Tiananmen Square for greater personal freedom and political expression, and subsequently executed at least 40 Chinese nationals for activities in support of the Tiananmen Square pro-democracy movement;

(2) since June 4, 1989, the Government of the People's Republic of China has brutally imprisoned 10,000 to 30,000 Chinese citizens for their participation in or allegiance to the pro-democracy movement in China;

(3) consular officials, and other official and unofficial representatives of the Government of the People's Republic of China, in direct violation of United States law, are reported to have instituted systematic intimidation and harassment of Chinese nationals in the United States for supporting the pro-democracy movement in China;

(4) the Government of the People's Republic of China continues to enforce coercive population policies, including the use of forced abortions and forced sterilizations;

(5) numerous international human rights organizations, including Amnesty International, Asia Watch, and the International League for Human Rights, report continued and even increased human rights and religious freedom violations by the Government of the People's Republic of China, including the recent arrest of four Chinese Catholic priests, and the November 30, 1989, detention of ten Tibeten monks;

(b) It is therefore the sense of the Senate that—

(1) the Senate strongly reiterates its condemnation of the Government of the People's Republic of China for its brutal military repression of the peaceful prodemocracy demonstration in Tiananmen Square on June 4, 1989, and further expresses its abhorrence of the continued political and human rights repression in the People's Republic of China;

(2) the Senate notes that the harassment of Chinese nationals residing in the United States is governed by section 2756 of title 22, United States Code, Public Law 97-113, and that any continuation of these harassment activities in the United States will further adversely affect Sino-American relations;

(3) the Senate expresses condemnation of the Government of the People's Republic of China for its inhumane policy of forced abortion and sterilization;

(4) the Senate urges the President of the United States to instruct the United States representatives to international financial institutions, and specifically the World Bank, to oppose loans or other financial assistance to the People's Republic of China which are not purely natural disaster relief or basic human needs, until it is clear that the human rights practices of the Government of the People's Republic of China have dramatically improved.

SEC. 508. EXCHANGE PROGRAM WITH COUNTRIES IN TRANSITION FROM TOTALITARIANISM TO DEMOCRACY.

AUTHORIZATION OF ACTIVITIES; GRANTS OR CONTRACTS FOR EXCHANGES WITH FOREIGN COUNTRIES.—The President is authorized, when he considers that it would strengthen

international cooperative relations, to provide, by grant, contract, or otherwise, for—

(1) exchanges with countries in transition from totalitarianism to democracy, which include, but are not limited to Poland, Hungary, Czechoslovakia, Bulgaria, and Romania;

(i) by financing studies, research, instruction, and related activities—

(A) of or for American citizens and nationals in foreign countries, and

(B) of or for citizens and nationals of foreign countries in American private businesses, trade associations, unions, chambers of commerce, and local, State, and Federal Government agencies, located in or outside the United States; and

(ii) by financing visits and interchanges between the United States and countries in transition from totalitarianism to democracy; which program shall be coordinated by a White House Office, which the President is hereby authorized to establish.

(2) TRANSFER OF FUNDS.—The President is authorized to transfer to the appropriations account of the agency (agencies) administering this program such sums as he shall determine to be necessary out of the travel accounts of departments and agencies of the United States as he shall designate, which transfers shall be subject to approval of the House and Senate Committees on Appropriations and in addition he is authorized to accept such gifts or cost-sharing arrangements as may be proffered to sustain the program, and to place such gifts into an endowment fund.

SEC. 509. ENHANCE NATIONAL AND COMMUNITY SERVICES.

Any entity, including the Foundation, administering a program or project under this Act shall take appropriate action to ensure that:

(1) rural areas receive equitable treatment in the allocation and distribution of assistance;

(2) prospective grantees or fund recipients located in rural areas are treated equitably under the eligibility criteria.

MOTION OFFERED BY MR. HAWKINS

Mr. HAWKINS. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. HAWKINS moves to strike all after the enacting clause of the Senate bill, S. 1430, and insert in lieu thereof the text of H.R. 4330 as passed by the House, as follows:

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Service Act of 1990".

SEC. 2. DRUG TESTING REQUIREMENT.

The head of each department and of each agency participating in programs assisted under title II of this Act or under amendments made by this Act shall establish and administer a program of random testing of individuals participating in such programs for the illegal use of drugs.

TITLE I—SCHOOL-BASED AND HIGHER EDUCATION COMMUNITY SERVICE

PART A—SCHOOL-BASED COMMUNITY SERVICE

SEC. 101. SHORT TITLE.

This part may be cited as the "Schools and Service-Learning Act of 1990".

Subpart 1—School-Based Service Learning

SEC. 106. SCHOOL-BASED SERVICE LEARNING PROGRAM.

The Secretary of Education is authorized, in accordance with the provisions of this subpart, to make grants to States through their State educational agencies for—

(1) planning and building State capacity for implementing statewide, school-based, service-learning programs, including—

(A) preservice and in-service training for teachers, supervisors, and personnel from community organizations in which service opportunities will be provided;

(B) developing service-learning curricula, including age-appropriate learning components for students to analyze and apply their service experiences;

(C) forming local partnerships to develop school-based community service programs in accordance with this subpart;

(D) devising appropriate methods for research and evaluation of the educational value of youth service opportunities and the effect of youth service programs on communities;

(E) establishing effective outreach and dissemination to ensure the broadest possible involvement of nonprofit community-based organizations and youth-service agencies with demonstrated effectiveness in their communities; and

(F) integration of service-learning into academic curricula; and

(2) the implementation, operation, or expansion of statewide, school-based, service-learning programs through State distribution of not less than 80 percent of Federal funds made available under this subpart to projects and activities coordinated and operated by local partnerships of local educational agencies and other agencies and organizations in accordance with this subpart.

SEC. 107. AUTHORIZATION OF APPROPRIATIONS; ALLOTMENTS TO STATES.

(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for the purpose of carrying out the provisions of this subpart $35,000,000 for the fiscal year 1991, and such sums as may be necessary for each of the fiscal years 1992, 1993, and 1994.

(b) RESERVATIONS.—Of the sums appropriated to carry out this subpart for any fiscal year, the Secretary shall reserve not more than 1 percent for payments to Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands, to be allotted in accordance with their respective needs.

(c) ALLOTMENT.—The remainder of such sums shall be allotted among the States as follows:

(1) From 50 percent of such remainder the Secretary shall allot to each State an amount which bears the same ratio to 50 percent of such remainder as the school-age population of the State bears to the school-age population of all States.

(2) From 50 percent of such remainder the Secretary shall allot to each State an amount which bears the same ratio to 50 percent of such remainder as allocations to the State for the previous fiscal year under chapter 1 of title I of the Elementary and Secondary Education Act of 1965 bear to such allocations to all States.

(d) LIMITATION.—For any period during which a State is carrying out planning activities under section 106(1) prior to implementation under section 106(2), a State may be paid not more than 25 percent of its allotment under this subpart.

(e) REALLOTMENT.—The amount of any State's allotment for any fiscal year to carry out this subpart which the Secretary determines will not be required for that fiscal year shall be available for reallotment to other States as the Secretary may determine.

(f) DEFINITIONS.—For purposes of this section:

(1) The term "school-age population" means the population aged 5 through 17, inclusive.

(2) The term "State" includes the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 108. ASSISTANCE TO LOCAL PARTNERSHIPS.

(a) ASSISTANCE TO LOCAL PARTNERSHIPS.—From the sum made available under section 107 to a State educational agency for each fiscal year, such agency shall, through grants or contracts, provide not more than the Federal share of financial assistance to local partnerships for school-based service projects (in this subpart referred to as "partnerships") for the purpose of carrying out the projects and activities authorized by this subpart.

(b) LOCAL PARTNERSHIPS.—

(1) Each partnership shall consist of at least 1 local educational agency and at least 1—

(A) local government agency;

(B) community-based organization;

(C) institution of higher education; or

(D) private nonprofit organization.

(2) A partnership may include representation by private for-profit business organizations and private elementary and secondary schools.

(c) PRIORITY.—In providing financial assistance pursuant to this subpart, State educational agencies shall give priority consideration to proposals for projects that—

(1) are in greatest need of assistance, such as projects serving low-income areas;

(2) involve participants in the design and operation of the program, where appropriate;

(3) involve students from both public and private elementary and secondary schools and individuals of different ages, races, sexes, ethnic groups, and economic backgrounds serving together;

(4) involve adults, particularly older individuals, as mentors and in other capacities that provide significant interaction with youth performing community service in a school-based setting, including at-risk youth;

(5) involve a partnership which includes private sector employees with talents and skills in short supply in the schools; and

(6) focus on drug and alcohol abuse prevention, school drop-out prevention, or nutrition and health education.

SEC. 109. STATE APPLICATIONS.

(a) APPLICATION REQUIREMENTS.—A State educational agency which desires to receive its allotment under this subpart shall submit to the Secretary an application at such time, in such manner, and containing such information and assurances as the Secretary may require, including—

(1) evidence of substantial cooperative efforts among local educational agencies, local government agencies, community-based organizations, the private sector, and State agencies to develop service-learning opportunities;

(2) an assurance that participation of economically and educationally disadvantaged youths, including youths in foster care who are becoming too old for foster care, youths of limited English proficiency, and youths with disabilities, will participate in service opportunities;

(3) provision for the coordination of service opportunities with other federally assisted education programs, training programs, social service programs, and other appropriate programs that serve youth;

(4) an assurance that urban, rural, and tribal areas will be served;

(5) an assurance that the State will give special consideration to providing assistance to projects that will provide academic credit to participants;

(6) an assurance that the State will keep such records and provide such information to the Secretary as may be required for fiscal audits and program evaluation; and

(7) an assurance that the State will comply with the specific requirements of this subpart.

(b) DIRECT GRANTS.—In any fiscal year in which a State does not participate in programs under this subpart, the Secretary may use the State's allotment to make direct grants for school-based service-learning projects to local applicants in that State.

(c) PARTICIPATION OF CHILDREN AND TEACHERS FROM PRIVATE SCHOOLS.—

(1) To the extent consistent with the number of children in the State or in the school district of the local educational agency involved who are enrolled in private nonprofit elementary and secondary schools, such State or agency shall (after consultation with appropriate private school representatives) make provision—

(A) for including services and arrangements for the benefit of such children as will assure the equitable participation of such children in the purposes and benefits of this subpart; and

(B) for such training for the benefit of teachers of such children as will assure equitable participation of such teachers in the purposes and benefits of this subpart.

(2) If by reason of any provision of law, a State or local educational agency or institution of higher education is prohibited from providing for the participation of children or teachers from private nonprofit schools as required by paragraph (1), or if the Secretary determines that a State or local educational agency substantially fails or is unwilling to provide for such participation on an equitable basis, the Secretary shall waive such requirements and shall arrange for the provision of services to such children and teachers. Such waivers shall be subject to consultation, withholding, notice, and judicial review requirements in accordance with section 1017 of the Elementary and Secondary Education Act of 1965.

SEC. 110. LOCAL PROGRAM PROPOSAL.

(a) PROPOSAL REQUIREMENT.—A partnership that desires to receive financial assistance pursuant to this subpart shall submit to the State educational agency of the State in which it is located a proposal which meets the requirements of this section. Such proposal shall be submitted at such time and in such manner as the State educational agency may reasonably require.

(b) PROPOSAL REQUIREMENTS.—Each proposal submitted under subsection (a) shall—

(1) contain a written agreement among the partners, including the entities with which students or school volunteers are affiliated, community representatives, and the local educational agency where service opportunities will be provided, which states that the program was developed by all the partners and that the program will be jointly operated by the partnership;

(2) provide for the establishment of an advisory committee consisting of representatives of community agencies, services recipients, youth serving agencies, students, parents, teachers, administrators, school board members, labor, and business, and describe the membership and role of such committee;

(3) describe the goals of the program, including goals that are quantifiable, measurable, and demonstrate benefits to both the students or school volunteers and the community;

(4) describe the service opportunities to be provided;

(5) describe how the students or school volunteers will be recruited, including special efforts to recruit school dropouts with the assistance of community-based organizations;

(6) describe how students or school volunteers were or will be involved in the design and operation of the program;

(7) state the responsibilities and qualifications of the coordinator of any program assisted under this subpart;

(8) describe preservice and in-service training to be provided to supervisors and students or school volunteers;

(9) describe potential resources that will permit continuation of the program, if necessary, upon the expiration of Federal funding;

(10) describe an age-appropriate learning component for students that includes, at a minimum, a chance for students to analyze and apply their service experiences and expected learning outcomes;

(11) indicate whether students will receive academic credit for participation;

(12) establish target numbers for—

(A) students who will participate in the program assisted under this subpart; and

(B) hours of service such students will provide individually and as a group;

(13) describe the proportion of students expected to participate who are educationally or economically disadvantaged, including students with disabilities;

(14) describe the ages and grade levels of students who are expected to participate;

(15) include other relevant demographic information about students who are expected to participate; and

(16) provide assurances that students will be provided with information (including information relating to student loan deferment and forgiveness provisions) concerning the Volunteers in Service to America program, the Peace Corps, full-time Youth Service Corps programs funded under this Act, and other appropriate civilian and military service options.

SEC. 111. FEDERAL SHARE.

(a) STATE SHARE.—

(1) The Federal share of the cost of planning and capacity building under section 106(1) may not exceed 90 percent of the total cost of such planning and capacity building.

(2) The State share of the cost of such planning and capacity building shall be in cash. The State share shall be provided through public or private non-Federal sources and may not be provided by any local public agency.

(b) LOCAL SHARE.—

(1) The Federal share of a grant or contract for a project under this subpart may not exceed—

(A) 90 percent of the total cost of a project for the first year for which the project receives assistance under this subpart;

(B) 80 percent of the total cost of a project for the second year for which the project receives assistance under this subpart;

(C) 70 percent of the total cost of a project for the third year for which the project receives assistance under this subpart; and

(D) 50 percent of the total cost of a project for the fourth year and each succeeding year for which the project receives assistance under this subpart.

(2) The State and local share of the costs of a project may be in cash or in kind fairly evaluated, including facilities, equipment, or services.

(c) WAIVER.—The Secretary may waive the requirements of subsection (b) with respect to any project in any fiscal year if the Secretary determines that such a waiver would be equitable due to a lack of available financial resources at the local level.

SEC. 112. USES OF FUNDS; LIMITATIONS.

(a) STATE USES OF FUNDS.—The State educational agency may reserve, from funds made available to such agency under this subpart—

(1) not more than 5 percent of such funds for administrative costs for any fiscal year; and

(2) to build capacity through training, technical assistance, curriculum development, and coordination activities, not more than—

(A) 15 percent of such funds in the first year in which a State operates a program under this subpart;

(B) 10 percent of such funds in each of the second and third years in which a State operates a program under this subpart; and

(C) 5 percent in the fourth year and each succeeding year in which a State operates a program under this subpart.

(b) AUTHORIZED ACTIVITIES FOR LOCAL PROJECTS.—

(1) Local projects may use funds made available under this subpart for supervision of participating students, program administration, training, reasonable transportation costs, insurance, and other reasonable expenses.

(2) Funds made available under this subpart may not be used to pay any stipend, allowance, or other financial support to any participant, except reimbursement for transportation, meals, and other reasonable out-of-pocket expenses directly related to participation in a program assisted under this subpart.

Subpart 2—Youthbuild Projects

SEC. 116. STATEMENT OF PURPOSE.

It is the purpose of this subpart—

(1) to provide economically disadvantaged young adults with opportunities for meaningful service to their communities in helping to meet the housing needs of homeless individuals and low-income families; and

(2) to enable economically disadvantaged young adults to obtain the education and employment skills necessary to achieve economic self-sufficiency.

SEC. 117. AUTHORIZATION OF PROGRAM.

(a) FINANCIAL ASSISTANCE.—The Director of the ACTION Agency, in consultation with the Secretary of Labor, may provide grants to pay the Federal share of the cost of carrying out Youthbuild projects in accordance with this subpart.

(b) FEDERAL SHARE.—The Federal share under subsection (a) for each fiscal year shall not exceed 90 percent.

SEC. 118. SERVICE IN CONSTRUCTION AND REHABILITATION PROJECTS.

(a) CONSTRUCTION AND REHABILITATION PROJECTS.—Eligible participants serving in Youthbuild projects receiving assistance under this subpart shall be employed in the construction, rehabilitation, or improvement of real property to be used for purposes of providing—

(1) residential rental housing that is occupied solely by, or available for occupancy solely by, homeless individuals and low-income families;

(2) transitional housing for homeless individuals;

(3) facilities for the provision of health, education, and other social services to low-income families, including—

(A) senior citizen centers;

(B) youth recreation centers;

(C) Head Start or child care centers; and

(D) community health centers.

(b) REQUIREMENTS FOR COMMUNITY FACILITIES.—No assistance may be provided under this subpart to support the construction, rehabilitation, or improvement of real property to be used to provide facilities described in subsection (a) unless the property—

(1) is used principally by or for the benefit of low-income families;

(2) is owned and occupied solely by public or private nonprofit entities; and

(3) is located in census tracts, or identifiable neighborhoods within census tracts, in which the median family income is not more than 80 percent of the median family income of the area in which the facility is located, as such median family income and area are determined for the purposes of assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

(c) RESTRICTION OF USE.—Participants under this subpart may not be employed in the construction, operation, or maintenance of any facility used for sectarian instruction or religious worship.

SEC. 119. EDUCATION AND JOB TRAINING SERVICES.

(a) IN GENERAL.—Assistance provided under this part shall be used by each Youthbuild project to provide to participants the following:

(1) SERVICE OPPORTUNITIES.—Service opportunities in the construction or rehabilitation projects described in section 118, which shall be integrated with appropriate skills training and coordinated with, to the extent feasible, preapprenticeship and apprenticeship programs.

(2) EDUCATIONAL SERVICES.—Services and activities designed to meet the educational needs of participants, including—

(A) basic skills instruction and remedial education;

(B) bilingual education for individuals with limited English proficiency; and

(C) secondary education services and activities designed to lead to the attainment of a high school diploma or its equivalent.

(3) PERSONAL AND PEER SUPPORTS.—Counseling services and other activities designed to—

(A) ensure that participants overcome personal problems that would interfere with their successful participation; and

(B) develop a strong, mutually supportive peer context in which values, goals, cultural heritage, and life skills can be explored and strengthened.

(4) LEADERSHIP DEVELOPMENT.—Opportunities to develop the decisionmaking, speaking, negotiating, and other leadership skills of participants, such as the establishment and operation of a youth council with meaningful decisionmaking authority over aspects of the project.

(5) PREPARATION FOR AND PLACEMENT IN UNSUBSIDIZED EMPLOYMENT.—Activities designed to maximize the value of participants as future employees and to prepare participants for seeking, obtaining, and retaining unsubsidized employment.

(6) NECESSARY SUPPORT SERVICES.—To provide support services and need-based stipends necessary to enable individuals to participate in the program and, for a period not to exceed 6 months after completion of training, to assist participants through support services in retaining employment.

(b) CONDITIONS.—The provision of service opportunities to participants in Youthbuild projects shall be made conditional upon attendance and participation by such individuals in the educational services and activities described in subsection (a). The duration of participation for each individual in educational services and activities shall be at least equal to the total number of hours for which a participant serves and is paid wages by a Youthbuild project.

SEC. 120. USES OF FUNDS.

(a) FUNDS.—Funds provided under this subpart may be used only for activities that are in addition to activities that would otherwise be available in the absence of such funds.

(b) ASSISTANCE CRITERIA.—Assistance provided to each Youthbuild project under this part shall be used only for—

(1) education and job training services and activities described in paragraphs (2), (3), (4), (5), and (6) of section 119(a);

(2) wages and benefits paid to participants in accordance with sections 119(a) and 122; and

(3) administrative expenses incurred by the project, in an amount not to exceed 15 percent of the total cost of the project.

SEC. 121. ELIGIBLE PARTICIPANTS.

(a) IN GENERAL.—An individual shall be eligible to participate in a Youthbuild project receiving assistance under this subpart if such individual is—

(1) 16 to 24 years of age, inclusive;

(2) economically disadvantaged; and

(3) except as is provided in subsection (b), an individual who has dropped out of high school whose reading and mathematics skills are at or below the 8th grade level.

(b) EXCEPTIONS.—Not more than 25 percent of the participants in a Youthbuild project receiving assistance under this subpart may be individuals who do not meet the requirements of subsection (a)(3) if such individuals—

(1) have not attained a high school diploma or its equivalent; or

(2) have educational needs despite the attainment of a high school diploma or its equivalent.

(c) PARTICIPATION LIMITATION.—Any eligible individual selected for full-time participation in a Youthbuild project may participate full-time for a period of not less than 6 months and not more than 18 months.

SEC. 122. WAGES, LABOR STANDARDS, AND NONDISCRIMINATION.

(a) WAGES AND LABOR STANDARDS.—To the extent consistent with the provisions of this subpart, sections 142 and 143 of the Job Training Partnership Act (29 U.S.C. 1552, 1553, and 1577), relating to wages and benefits and labor standards, shall apply to the projects conducted under this subpart as if such projects were conducted under the Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(b) NONDISCRIMINATION.—(1) Except as provided in paragraph (2), an individual with responsibility for the operation of a Youthbuild project shall not discriminate on the basis of religion against a participant or a member of the project staff who is paid with funds under this title.

(2) Paragraph (1) shall not apply to the employment, with funds provided under this title, of any member of the staff of a Youthbuild project who was employed with the organization operating the project on the date the grant funded under this title was awarded.

SEC. 123. CONTRACTS.

Each Youthbuild project shall carry out the services and activities under this subpart directly or through arrangements or under contracts with administrative entities designated under section 103(b)(1)(B) of the Job Training Partnership Act (29 U.S.C. 1501(b)(1)(B)), with State and local educational agencies, institutions of higher education, State and local housing development agencies, and with other public agencies and private organizations.

SEC. 124. PERFORMANCE STANDARDS.

(a) IN GENERAL.—The Director, in consultation with the Secretary of Labor, shall prescribe standards for evaluating the performance of Youthbuild projects receiving assistance under this subpart, including the following factors:

(1) Placement in unsubsidized employment.

(2) Retention in unsubsidized employment.

(3) An increase in earnings.

(4) Improvement of reading and other basic skills.

(5) Attainment of a high school diploma or its equivalent.

(b) VARIATIONS.—The Director shall prescribe variations to the standards determined under subsection (a) by taking into account the economic conditions of the areas in which Youthbuild projects are located and appropriate special characteristics, such as the extent of English language proficiency and offender status of Youthbuild participants.

SEC. 125. APPLICATIONS.

(a) SUBMISSION.—To apply for a grant under this subpart, an eligible entity shall submit an application to the Director in accordance with procedures established by the Director.

(b) CRITERIA.—Each such application shall—

(1) describe the educational services, job training, supportive services, service opportunities, and other services and activities that will be provided to participants;

(2) describe the proposed construction of rehabilitation activities to be undertaken and the anticipated schedule for carrying out such activities;

(3) describe the manner in which eligible youths will be recruited and selected, including a description of arrangements which will be made with community-based organizations, State and local educational agencies, public assistance agencies, the courts of jurisdiction for status and youth offenders, homeless shelters and other agencies that serve homeless youth, foster care agencies, and other appropriate public and private agencies;

(4) describe the special outreach efforts that will be undertaken to recruit eligible young women (including young women with dependent children);

(5) describe how the proposed project will be coordinated with other Federal, State, and local activities, including vocational, adult and bilingual education programs, job training supported by funds available under the Job Training Partnership Act (29 U.S.C. 1501 et seq.) and the Family Support Act of 1988, housing and economic development, and programs that receive assistance under section 106 of the Housing and Community Development Act of 1974 (42 U.S.C. 5306);

(6) provide assurances that there will be a sufficient number of supervisory personnel on the project and that the supervisory personnel are trained in the skills needed to carry out the project;

(7) describe activities that will be undertaken to develop the leadership skills of participants;

(8) set forth a detailed budget and describe the system of fiscal controls and auditing and accountability procedures that will be used to ensure fiscal soundness; and

(9) set forth assurances, arrangements, and conditions the Director determines are necessary to carry out this subpart.

SEC. 126. SELECTION OF PROJECTS.

In approving applications for assistance under this subpart, the Director shall give priority to applicants that demonstrate the following:

(1) POTENTIAL FOR SUCCESS.—The greatest likelihood of success, as indicated by such factors as the past experience of an applicant with housing rehabilitation or construction, youth and youth education and employment training programs, management capacity, fiscal reliability, and community support.

(2) NEED.—Have the greatest need for assistance, as determined by factors such as—

(A) the degree of economic distress of the community from which participants would be recruited, including—

(i) the extent of poverty;

(ii) the extent of youth unemployment; and

(iii) the number of individuals who have dropped out of high school; and

(B) the degree of economic distress of the locality in which the housing would be rehabilitated or constructed, including—

(i) objective measures of the incidence of homelessness;

(ii) the relation between the supply of affordable housing for low-income families and the number of such families in the locality;

(iii) the extent of housing overcrowding; and

(iv) the extent of poverty.

SEC. 127. MANAGEMENT AND TECHNICAL ASSISTANCE.

(a) DIRECTOR ASSISTANCE.—The Director may enter into contracts with a qualified public or private nonprofit agency to provide assistance to the Director in the management, supervision, and coordination of Youthbuild projects receiving assistance under this subpart.

(b) SPONSOR ASSISTANCE.—The Director shall enter into contracts with a qualified public or private nonprofit agency to provide appropriate training, information, and technical assistance to sponsors of projects assisted under this subpart.

(c) APPLICATION PREPARATION.—Technical assistance may also be provided in the development of project proposals and the preparation of applications for assistance under this subpart to eligible entities which intend or desire to submit such applications. Community-based organizations shall be given first priority in the provision of such assistance.

(d) RESERVATION OF FUNDS.—The Director shall reserve 5 percent of the amounts available in each fiscal year under section 130 to carry out subsections (b) and (c) of this section.

SEC. 128. DEFINITIONS.

For purposes of this subpart:

(1) COMMUNITY-BASED ORGANIZATIONS.—The term "community-based organizations" has the meaning given the term in section 4(8) of the Job Training Partnership Act (29 U.S.C. 1503(8)).

(2) DIRECTOR.—The term "Director" means the Director of the ACTION agency.

(3) DROPPED OUT OF HIGH SCHOOL.—The term "individual who has dropped out of high school" means an individual who is neither attending any school nor subject to a compulsory attendance law and who has not received a secondary school diploma or a certificate of equivalency for such diploma, but does not include any individual who has attended secondary school at any time during the preceding 6 months.

(4) ECONOMICALLY DISADVANTAGED.—The term "economically disadvantaged" has the meaning given the term in section 4(8) of the Job Training Partnership Act (29 U.S.C. 1503(8)).

(5) ELIGIBLE ENTITY.—The term "eligible entity" means a public or private nonprofit agency, such as—

(A) community-based organizations;

(B) administrative entities designated under section 103(b)(1)(B) of the Job Training Partnership Act (29 U.S.C. 1501(b)(1)(B));

(C) community action agencies;

(D) State and local housing development agencies;

(E) State and local youth service and conservation corps; and

(F) any other entity that is eligible to provide education and employment training under other Federal employment training programs.

(6) HOMELESS INDIVIDUAL.—The term "homeless individual" has the meaning given the term in section 103 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302).

(7) HOUSING DEVELOPMENT AGENCY.—The term "housing development agency" means any agency of a State or local government, or any private nonprofit organization that is engaged in providing housing for the homeless or low-income families.

(8) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(9) LIMITED ENGLISH PROFICIENCY.—The term "limited English proficiency" has the meaning given the term in section 7003 of the Bilingual Education Act (20 U.S.C. 3223).

(10) LOW-INCOME FAMILY.—The term "low-income family" has the meaning given the term "lower income families" in section 3(b)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(2)).

(11) OFFENDER.—The term "offender" means any adult or juvenile with a record of arrest or conviction for a criminal offense.

(12) QUALIFIED NONPROFIT AGENCY.—The term "qualified public or private nonprofit agency" means any nonprofit agency that has significant prior experience in the operation of projects similar to the Youthbuild program authorized under this subpart and that has the capacity to provide effective technical assistance under this section.

(13) RESIDENTIAL RENTAL PURPOSES.—The term "residential rental purposes" includes a cooperative or mutual housing facility that has a resale structure that enables the cooperative to maintain affordability for low-income individuals and families.

(14) SERVICE OPPORTUNITY.—The term "service opportunity" means the opportunity to perform work in return for wages and benefits in the construction or rehabilitation of real property in accordance with this subpart.

(15) STATE.—The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, Guam, American Somoa, the Trust Territories of the Pacific Islands, or any other territory or possession of the United States.

(16) TRANSITIONAL HOUSING.—The term "transitional housing" means a project that has as its purpose facilitating the movement of homeless individuals and families to independent living within a reasonable amount of time. Transitional housing includes housing primarily designed to serve deinstitutionalized homeless individuals and other homeless individuals with mental or physical disabilities and homeless families with children.

(17) YOUTHBUILD PROJECT.—The term "Youthbuild project" means any project that receives assistance under this subpart and provides disadvantaged youth with opportunities for service, education, and training in the construction or rehabilitation of housing for homeless and other low-income individuals.

SEC. 129. REGULATIONS.

The Secretary shall issue any regulations necessary to carry out this subpart.

SEC. 130. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out the provisions of this subpart $10,000,000 for fiscal year 1991 and such sums as may be necessary for each of the 3 succeeding fiscal years. Amounts appropriated under this section shall remain available until expended.

Subpart 3—Other Federal Volunteer Service Programs

SEC. 131. RURAL YOUTH SERVICE DEMONSTRATION PROJECT.

(a) IN GENERAL.—The Secretary is authorized, in accordance with the provisions of this subpart, to make grants and enter into contracts for demonstration projects in rural areas. Such projects may include volunteer service involving the elderly and assisted-living services performed by students, school dropouts, and out-of-school youth.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out the provisions of this section $2,000,000 for the fiscal year 1991 and such sums as may be necessary for each of the fiscal years 1992, 1993, and 1994.

SEC. 132. GOVERNORS' VOLUNTARY SERVICE PROGRAM.

(a) IN GENERAL.—The Director of the ACTION agency (in this section referred to as the "Director") is authorized to make grants to the chief executive officer of each State for initiatives involving non-school-based voluntary service projects in the State.

(b) AUTHORIZED ACTIVITIES.—Grants under this section may be used for—

(1) enhancing State volunteer service programs;

(2) volunteer service demonstration programs;

(3) research concerning, assessment of, and evaluation of volunteer service programs;

(4) State coordination of volunteer service programs;

(5) technical assistance;

(6) training and staff development; and

(7) collection and dissemination of information concerning volunteer service programs.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out the provisions of this section $3,000,000 for each of the fiscal years 1991, 1992, 1993, and 1994.

(d) ALLOTMENTS.—

(1) Subject to paragraph (2), the Director shall allot to the chief executive officer of each State an amount which bears the same ratio to the amount appropriated under sub-

section (b) as the school-age population of the State bears to the school-age population of all States.

(2) Subject to the availability of appropriations, the chief executive officer of each State shall receive at least $30,000 for each fiscal year for purposes of carrying out an initiative under this section.

(e) PROTECTION FROM TORT LIABILITY.—

(1) REQUIREMENTS.—For fiscal year 1993 and subsequent fiscal years, the Director may not make a grant under subsection (a) unless the State involved provides assurances satisfactory to the Director that the State provides by law as follows:

(A) That, except as provided in subparagraph (B) and paragraph (2), a volunteer of a nonprofit organization or governmental entity does not incur any personal financial liability for any tort claim alleging damage or injury from any act or omission of the volunteer on behalf of the organization or entity if—

(i) such individual was acting in good faith and within the scope of such individual's official functions and duties with the organization or entity; and

(ii) such damage or injury was not caused by willful and wanton misconduct by such individual.

(B) That the law described in subparagraph (A) may not be construed to affect any civil action brought by any nonprofit organization or any governmental entity against any volunteer of such organization or entity.

(C) That the law described in subparagraph (A) may not be construed to affect the liability of any nonprofit organization or governmental entity with respect to injury caused by any person.

(2) CONSIDERATION BY STATES OF AUTHORITY REGARDING LIMITATIONS ON PROTECTION.—For fiscal year 1993 and subsequent fiscal years, the Director may not make a grant under subsection (a) unless the State involved provides assurances satisfactory to the Director that, with respect to protection from liability, the State has adequately addressed whether the conditions and exceptions described in paragraph (3) should apply in the State.

(3) AUTHORIZED LIMITATIONS ON PROTECTION.—For purposes of paragraph (1), a State may impose one or more of the following conditions on the exceptions to the protection from liability provided by the law described in paragraph (1)(A):

(A) That the organization or entity must adhere to risk management procedures, including mandatory training of volunteers.

(B) That the organization or entity is liable for the acts or omissions of its volunteers to the same extent as an employer is liable, under the laws of that State, for the acts or omissions of its employees.

(C) That the protection from liability provided by the law described in paragraph (1)(A) does not apply if the volunteer was operating a motor vehicle or was operating a vessel, aircraft, or other vehicle for which a pilot's license is required.

(D) That the protection from liability provided by the law described in paragraph (1)(A) does not apply in the case of a suit brought by an appropriate officer of a State or local government to enforce a Federal, State, or local law.

(E)(i) That the protection from liability provided by the law described in paragraph (1)(A) applies only if the organization or entity provides a financially secure source of recovery for individuals who suffer injury as a result of actions taken by a volunteer on behalf of the organization or entity.

(ii) For purposes of clause (i)—

(I) a financially secure source of recovery may be an insurance policy within specified limits, comparable coverage from a risk pooling mechanism, equivalent assets, or alternative arrangements that satisfy the State that the entity will be able to pay for losses up to a specified amount; and

(II) separate standards for different types of liability exposure may be specified.

(f) DEFINITION.—For purposes of this section the term "State" includes the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 133. MODEL SERVICE-LEARNING PROGRAM.

(a) PROGRAM AUTHORIZED.—The Secretary is authorized, in accordance with the provisions of this subpart, to make grants to, and enter into contracts with, States, local educational agencies, local government agencies, and community-based organizations for innovative community service and service-learning programs and curricula that can serve as national models.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out the provisions of this section $5,000,000 for the fiscal year 1991 and such sums as may be necessary for each of the fiscal years 1992, 1993, and 1994.

SEC. 134. MODEL SERVICE PROGRAMS FOR DROPOUTS AND OUT-OF-SCHOOL YOUTH.

(a) PROGRAM AUTHORIZED.—The Secretary is authorized, in accordance with the provisions of this subpart, to make grants to, or enter into contracts with, State educational agencies, local educational agencies, institutions of higher education, local government agencies, community-based organizations, and other public or private nonprofit organizations to develop plans for model programs to enhance the capacity of educational institutions and community-based organizations to administer service-learning programs for school dropouts and out-of-school youth.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out the provisions of this section $10,000,000 for the fiscal year 1991 and such sums as may be necessary for each of the fiscal years 1992, 1993, and 1994.

SEC. 135. ASSISTANCE FOR HEAD START.

Section 502(b) of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5082(b)) is amended—

(1) by inserting "(1)" after "(b)", and

(2) by adding at the end the following:

"(2) There are authorized to be appropriated $5,000,000 for fiscal year 1991 and such sums as may be necessary for each of the three subsequent fiscal years for the purpose of increasing the number of low-income individuals who provide services under part B of title II of this Act to children who participate in Head Start programs.".

Subpart 4—Activities of the Secretary of Education

SEC. 141. DISSEMINATION OF INFORMATION.

The Secretary shall widely disseminate information about programs under this part.

SEC. 142. CLEARINGHOUSES ON VOLUNTEER SERVICE.

(a) IN GENERAL.—The Secretary is authorized to make grants to or enter into contracts with public and private nonprofit agencies with extensive experience in student community service and school volunteer and partnership programs for the establishment and operation of national or regional clearinghouses for information on volunteer service.

(b) DUTIES.—National or regional clearinghouses established or operated with assistance provided under this section shall provide information, curriculum materials, technical assistance, and training to States and local entities participating in programs under subpart 1.

SEC. 143. EVALUATION.

(a) EVALUATION.—The Secretary shall provide, through grants or contracts, for the continuing evaluation of programs assisted under this part in order to determine program effectiveness in achieving stated goals in general and in relation to cost, the effect on related cost-saving programs, and the structure and mechanism for delivery. Such evaluation shall measure the effects of programs authorized by this part, including, where appropriate, comparisons with appropriate control groups composed of individuals who have not participated in such programs. Evaluations shall be conducted by individuals not directly involved in the administration of the program evaluated.

(b) STANDARDS.—The Secretary shall develop and publish general standards for evaluation of program effectiveness in achieving the objectives of this part.

(c) COMMUNITY PARTICIPATION.—In evaluating a program receiving assistance under this part, the Secretary shall consider the opinions of participating students, dropouts, out-of-school youth, and members of the communities where services are delivered concerning the strengths and weaknesses of such program.

(d) REPORTING REQUIREMENTS.—The results of evaluations conducted under this section, including opinions obtained under subsection (c), shall be made available to the public.

(e) REPORT TO CONGRESS.—The results of evaluations conducted under this section shall be analyzed and submitted to the appropriate committees of the Congress with the annual report of the Secretary.

SEC. 144. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for purposes of carrying out the provisions of this subpart $2,000,000 for the fiscal year 1991 and such sums as may be necessary for each of the fiscal years 1992, 1993, and 1994.

Subpart 5—Volunteer Service Activities of the President

SEC. 151. PRESIDENTIAL VOLUNTEER SERVICE AWARDS.

(a) PRESIDENTIAL AWARD FOR SCHOOL-BASED SERVICE.—The President is authorized to make Presidential Awards for School-Based Service recognizing excellence in school-based service programs.

(b) CATEGORIES OF AWARDS.—Each year the President is authorized to make 1 award to an individual in each State in each of the following categories:

(1) Excellence in a service program in kindergarten through grade 6.

(2) Excellence in a service program in grade 7 through grade 12.

(3) Excellence in a service program for dropouts and out-of-school youth.

(4) Excellence in teaching to a teacher in kindergarten through grade 6 who has demonstrated outstanding teaching ability in the area of volunteer service.

(5) Excellence in teaching to a teacher in grade 7 through grade 12 who has demonstrated outstanding teaching ability in the area of volunteer service.

(6) Excellence in teaching to a teacher in a service program for dropouts and out-of-school youth who has demonstrated outstanding teaching ability in the area of volunteer service.

(c) PRESIDENT'S SERVICE LEARNING TASK FORCE.—The President is authorized to create an interagency task force chaired either by the President or the Vice President, whose purpose shall be—

(1) the creation and monitoring of effective measures for coordinating the various parts of this Act; and

(2) design of a comprehensive Federal service strategy which shall include—

(A) review of existing programs to identify and expand opportunities for service, especially by students and out-of-school youth;

(B) designation of a senior official in each Federal agency who will be responsible for developing youth service opportunities in existing programs nationwide;

(C) establishment of service projects in each Federal agency;

(D) encouragement of participation of Federal employees in service projects;

(E) designation of a senior executive branch official or group of officials to coordinate the Federal service strategy;

(F) annual recognition of outstanding service programs operated by Federal agencies; and

(G) encouragement of businesses and professional firms to include community service among the factors considered in making hiring, compensation, and promotion decisions.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out the provisions of this section $1,000,000 for each of the fiscal years 1991, 1992, 1993, and 1994.

Subpart 6—General Provisions

SEC. 156. DEFINITIONS.

(a) IN GENERAL.—Except as otherwise provided, the terms used in this part shall have the meanings provided for such terms in section 1471 of the Elementary and Secondary Education Act of 1965.

(b) OTHER DEFINITIONS.—For purposes of this part the term "service-learning" means a method—

(1) under which students learn and develop through active participation in thoughtfully organized service experiences that meet actual community needs and that are coordinated in collaboration with the school and community;

(2) that is integrated into the students' academic curriculum and provides structured time for a student to think, talk, or write about what the student did and saw during the actual service activity;

(3) that provides students with opportunities to use newly acquired skills and knowledge in real-life situations in their own communities; and

(4) that enhances what is taught in school by extending student learning beyond the classroom and into the community and helps to foster the development of a sense of caring for others.

SEC. 157. LIMITATION.

(a) PROHIBITED USES.—No grant under this part shall be used to provide religious instruction, conduct worship services, or engage in any form of proselytization.

(b) PARTICIPANTS.—Participants and project staff funded under this part shall not give religious instruction, conduct worship services, or engage in any form of proselytization as part of their duties.

SEC. 158. APPLICATION OF GENERAL EDUCATION PROVISIONS ACT.

Except as otherwise provided, the General Education Provisions Act shall apply to the programs authorized by this part.

PART B—HIGHER EDUCATION COMMUNITY SERVICE

Subpart 1—Innovative Projects for Community Service

SEC. 161. STATEMENT OF PURPOSE.

It is the purpose of this part to support innovative projects to determine the feasibility of encouraging students to participate in community service activities while such students are attending institutions of higher education.

SEC. 162. INNOVATIVE PROJECTS FOR COMMUNITY SERVICE.

(a) GENERAL AUTHORITY.—The Secretary is authorized, in accordance with the provisions of this part, to make grants to, and contracts with, institutions of higher education (including combination of such institutions), and other public agencies and nonprofit organizations working in partnership with institutions of higher education—

(1) to enable the institution to create or expand community service activities for students attending that institution;

(2) to encourage student-initiated and student-designed community service projects; and

(3) to facilitate the integration of community service into academic curricula, so that students can obtain credit for their community service activities.

(b) TRAINING AUTHORITY.—The Secretary shall make grants to college and universities and other nonprofit organizations to provide for the training of teachers, related education personnel, and community leaders in the skills necessary to develop, supervise, and organize community service activities. Assistance under this section may be provided to individuals planning to undertake a career in teaching, as well as existing teachers. In awarding such grants, the Secretary shall take into consideration the particular needs of a community and the ability of the grantee to actively involve a major part of the community in, and substantially benefit the community by, the proposed community service activities.

(c) FEDERAL SHARE.—The Federal share of all grants under subsections (a) and (b) shall not exceed 50 percent of the cost of the community service activities.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subpart, $10,000,000 for fiscal year 1991 and such sums as may be necessary for each of the three succeeding fiscal years.

(e) INSTITUTION OF HIGHER EDUCATION DEFINED.—For purposes of this subpart, the term "institution of higher education" has the meaning given to such term in section 1201(a) of the Higher Education Act of 1965.

Subpart 2—Campus-Based Community Work Learning Jobs

SEC. 166. ADDITIONAL RESERVATION FOR CAMPUS-BASED COMMUNITY WORK LEARNING STUDY JOBS.

Section 415B(a) of the Higher Education Act of 1965 is amended by inserting the following new paragraph at the end thereof:

"(3)(A) In the event the appropriation for this subpart exceeds $75,000,000, the Secretary shall, notwithstanding the provisions of section 415C(b)(3)(A), allot 50 percent of such excess to the States for the purpose described in section 415C(b)(2)(B).

"(B) The Secretary shall make the allotment required under subparagraph (A) on the basis of the number of students participating in programs assisted under section 415C(b)(2) of this subpart in each State as compared to the total number of students participating in such jobs in all States.".

SEC. 167. WORK STUDY PROGRAMS.

Section 441(b) of the Higher Education Act of 1965 is amended—

(1) by striking "$656,000,000" and inserting "$675,000,000"; and

(2) by adding at the end thereof the following: "In the event that appropriations for this part exceed $625,000,000, such additional amounts shall be used in accordance with section 447. The Secretary shall allocate the additional amounts to institutions which demonstrate a capacity to use these funds in accordance with section 447.".

Subpart 3—Guaranteed Student Loans

SEC. 171. LOAN DEFERMENT FOR VOLUNTEER SERVICE AUTHORIZED.

(a) GSL PROGRAM.—Section 428(b)(1)(M) of the Higher Education Act of 1965 is amended—

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

(2) by striking the period at the end of clause (ix) and inserting a semicolon; and

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

"(xii) not in excess of 3 years during which the borrower is in service as a full-time volunteer in service comparable to the service referred to in clauses (iii) and (iv) for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986 and does not receive compensation at a rate in excess of the rate prescribed by section 6 of the Fair Labor Standards Act of 1938;".

(b) FISL PROGRAM.—Section 427(a)(2)(C) of the Higher Education Act of 1965 is amended—

(1) by striking "or" at the end of clause (x); and

(2) by adding at the end thereof the following new clause:

"(xii) not in excess of 3 years during which the borrower is in service as a full-time volunteer in service comparable to the service referred to in clauses (iii) and (iv) for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986 and does not receive compensation at a rate in excess of the rate prescribed by section 6 of the Fair Labor Standards Act of 1938;".

SEC. 172. LOAN DEFERMENT FOR SERVICE IN DRUG COUNSELING AND PREVENTION.

(a) DEFERMENT OF GUARANTEED STUDENT LOANS.—Section 428(b)(1)(M) of the Higher Education Act of 1965 (as amended by section 171 of this Act) is further amended by inserting after clause (xii) the following new clause:

"(xiii) not in excess of 3 years during which the borrower is employed full-time as a professional in drug counseling, prevention, intervention, treatment, or education by a public or nonprofit private agency or organization; and".

(b) INSURED STUDENT LOANS.—Section 427(a)(2)(C) of the Higher Education Act of 1965 (as amended by section 171 of this Act) is further amended by inserting after clause (xii) the following new clause:

"(xiii) not in excess of 3 years during which the borrower is employed full-time as a professional in drug counseling, prevention, intervention, treatment, or education by a public or nonprofit private agency or organization; and".

SEC. 173. LOAN DEFERMENT FOR VOLUNTEERS PROVIDING INDIAN HEALTH SERVICES.

(a) DEFERMENT OF GUARANTEED STUDENT LOANS.—Section 428(b)(1)(M) of the Higher Education Act of 1965 (as amended by sections 171 and 172 of this Act) is further

amended by inserting after clause (xiii) the following new clause:

"(xiv) not in excess of 3 years during which the borrower is in service as a full-time volunteer providing health services to individuals who are eligible to receive services from the Secretary of the Interior under title I and section 4 of the Indian Self-Determination and Education Assistance Act of 1975 (Public Law 93-638);".

(b) INSURED STUDENT LOANS.—Section 427(a)(2)(C) of the Higher Education Act of 1965 (as amended by section 171 of this Act) is further amended by inserting after clause (xiii) the following new clause:

"(xiv) not in excess of 3 years during which the borrower is in service as a full-time volunteer providing health services to individuals who are eligible to receive services from the Secretary of the Interior under title I and section 4 of the Indian Self-Determination and Education Assistance Act of 1975 (Public Law 93-638);".

SEC. 174. EFFECTIVE DATE.

The amendments made by this subpart shall apply only to loans made to cover the costs of instruction for periods of enrollment beginning on or after 30 days after the date of enactment of this Act to individuals who are new borrowers on that date.

Subpart 4—Direct Loans to Students in Institutions of Higher Education

SEC. 176. LOAN CANCELLATION AUTHORIZED.

(a) CANCELLATION FOR VOLUNTEER SERVICE.—

(1) QUALIFICATION FOR CANCELLATION.—Section 465(a)(2) of the Higher Education Act of 1965 is amended—

(A) by striking out "or" at the end of subparagraph (D);

(B) by striking the period at the end of subparagraph (E) and inserting a semicolon; and

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

"(F) as a full-time volunteer in service comparable to service referred to in subparagraph (E) for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986;"; and

(C) by adding at the end thereof the following new sentence: "An individual shall not be eligible as a volunteer under subparagraph (F) if such individual receives compensation for services at a rate in excess of the rate prescribed by section 6 of the Fair Labor Standards Act of 1938.".

(2) RATE OF CANCELLATION.—Section 465(a)(3)(A) of the Higher Education Act of 1965 is amended—

(A) by striking out "or" at the end of clause (iii);

(B) by striking the period at the end of clause (iv) and inserting a semicolon; and

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

"(v) in the case of service described in subparagraph (F) of paragraph (2) at the rate of 15 percent for the first or second year of such service and 20 percent of the third or fourth year of such service;".

(b) CANCELLATION FOR DRUG COUNSELING AND TREATMENT.—

(1) QUALIFICATION FOR CANCELLATION.—Section 465(a)(2) of the Higher Education Act of 1965 (as amended by subsection (a)) is further amended by inserting after subparagraph (F) the following new subparagraph:

"(G) as a full-time professional employee engaged in drug counseling, prevention, intervention, treatment, or education and employed by a public or nonprofit private agency or organization; or".

(2) RATE OF CANCELLATION.—Section 465(a)(3)(A) of the Higher Education Act of 1965 (as amended by subsection (a)) is further amended by inserting after clause (v) the following new clause:

"(vi) in the case of service described in subparagraph (F) of paragraph (2), at the rate of 15 percent for the first or second year of such service and 20 percent for the third or fourth year of such service; or".

(c) CANCELLATION FOR VOLUNTEERS PROVIDING INDIAN HEALTH SERVICES.—

(1) QUALIFICATION FOR CANCELLATION.—Section 465(a)(2) of the Higher Education Act of 1965 (as amended by subsections (a) and (b)) is further amended by inserting after subparagraph (G) the following new subparagraph:

"(H) as a full-time volunteer providing health services to individuals who are eligible to receive services from the Secretary of the Interior under title I and section 4 of the Indian Self-Determination and Education Assistance Act of 1975 (Public Law 93-638).".

(2) RATE OF CANCELLATION.—Section 465(a)(3)(A) of the Higher Education Act of 1965 (as amended by subsections (a) and (b)) is further amended by inserting after clause (vi) the following new clause:

"(vii) in the case of service described in subparagraph (H) of paragraph (2) at the rate of 15 percent for the first or second year of such service and 20 percent of the third or fourth year of such service.".

SEC. 177. LOAN DEFERMENT AUTHORIZED.

(a) VOLUNTEER SERVICES.—Section 464(c)(2)(A) of the Higher Education Act of 1965 is amended—

(1) by striking "or" at the end of clause (viii); and

(2) by adding at the end thereof the following new clause:

"(x) is in service as a full-time volunteer in service comparable to the service referred to in clauses (iii) and (iv) for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986 and does not receive compensation at a rate in excess of the rate prescribed by section 6 of the Fair Labor Standards Act of 1938;".

(b) DRUG COUNSELING AND TREATMENT.—Section 464(c)(2)(A) of such Act (as amended by subsection (a)) is further amended by inserting after clause (x) the following new clause:

"(xi) is employed full-time as a professional in drug counseling, prevention, intervention, treatment, or education by a public or nonprofit private agency or organization; or".

(c) VOLUNTEERS PROVIDING INDIAN HEALTH SERVICES.—Section 464(c)(2)(A) of such Act (as amended by subsections (a) and (b)) is further amended by inserting after clause (xi) the following new clause:

"(xii) is in service as a full-time volunteer providing health services to individuals who are eligible to receive services from the Secretary of the Interior under title I and section 4 of the Indian Self-Determination and Education Assistance Act of 1975 (Public Law 93-638).".

(d) DURATION OF DEFERMENTS.—The second sentence of section 464(c)(2)(A) of such Act is amended by striking "(v), or (vii)" and inserting "(v), (vii), (x), (xi), or (xii)".

SEC. 178. EFFECTIVE DATE.

The amendments made by sections 176 and 177 of this subpart shall apply only to loans made to cover the costs of instruction for periods of enrollment beginning on or after 30 days after the date of enactment of this part to individuals who are new borrowers on that date.

Subpart 5—Publication

SEC. 181. INFORMATION FOR STUDENTS.

Section 485(a)(1) of the Higher Education Act of 1965 (hereafter in this part referred to as the "Act") is amended—

(1) by striking out "and" at the end of subparagraph (J);

(2) by striking out the period at the end of subparagraph (K) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding at the end thereof the following:

"(L) the terms and conditions under which students receiving loans under part B or E of this title, or both, may—

"(i) obtain deferral of the repayment of the principal and interest for service under the Peace Corps Act or under the Domestic Volunteer Service Act of 1973, or for comparable full-time service as a volunteer for a tax-exempt organization, and

"(ii) obtain partial cancellation of the student loan for service under the Peace Corps Act or under the Domestic Volunteer Service Act of 1973, or for comparable full-time service as a volunteer for a tax-exempt organization.".

SEC. 182. EXIT COUNSELING FOR BORROWERS.

Section 485(b) of the Act is amended—

(1) by striking "and" at the end of paragraph (1);

(2) by striking the period at the end of paragraph (2) and inserting in lieu thereof a semicolon and "and"; and

(3) by adding the following new paragraph after paragraph (2):

"(3) the terms and conditions under which the student may obtain partial cancellation or defer repayment of the principal and interest for service under the Peace Corps Act or under the Domestic Volunteer Service Act of 1973 or for comparable full-time service as a volunteer for a tax-exempt organization.".

SEC. 183. DEPARTMENT INFORMATION ON DEFERMENTS AND CANCELLATIONS.

Section 485(d) of the Act is amended by inserting the following before the last full sentence: "The Secretary shall provide information on the specific terms and conditions under which students may obtain partial cancellation or defer repayment of loans for service under the Peace Corps Act and Domestic Volunteer Service Act of 1973 or for eligible comparable full-time service as a volunteer with a tax-exempt organization, and shall explicitly state that students may qualify for such partial cancellations or deferments when they serve as a paid employee of a tax-exempt organization.".

Subpart 6—Student Literacy Corps

SEC. 186. AMENDMENTS TO STUDENT LITERACY CORPS PROVISIONS.

(a) PRIORITY FOR SINGLE PARENTS OF DISADVANTAGED CHILDREN.—Section 144(b)(2)(D) of the Higher Education Act of 1965 is amended by inserting before the semicolon the following: "and will give priority in providing tutoring services to illiterate parents of educationally or economically disadvantaged elementary school students, with special emphasis on single-parent households".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 146 of the Higher Education Act of 1965 is amended to read as follows:

"SEC. 146. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $15,000,000 for fiscal year 1991 and such sums as may be neces-

sary for each of the three succeeding fiscal years.".

Subpart 7—Student Tutorial Corps Initiative

SEC. 188. AMENDMENT.

Title I of the Higher Education Act of 1965 is further amended by adding at the end thereof the following new part:

"PART E—STUDENT TUTORIAL CORPS

"SEC. 151. PURPOSE.

"It is the purpose of this part to authorize a demonstration program to encourage college students to tutor disadvantaged students receiving services under chapter 1 of title I of the Elementary and Secondary Education Act of 1965 (hereinafter in this part referred to as 'chapter 1').

"SEC. 152. GRANTS AUTHORIZED.

"The Secretary is authorized to make demonstration grants in accordance with the purposes and requirements of this part to institutions of higher education submitting applications that meet the requirements of section 153, in order to assist such institutions to establish and conduct student tutorial programs that—

"(1) encourage students enrolled in that institution to provide tutoring to educationally disadvantaged students receiving services under chapter 1;

"(2) are conducted at the request, and with the direction, of personnel providing services under chapter 1, to assist them in the education of such children; and

"(3) that do not displace any of such personnel.

"SEC. 153. APPLICATION.

"To receive a grant under this part, an institution of higher education shall submit an application that—

"(1)(A) specifies that such students will be compensated at rates consistent with the rates paid under part C of title IV of this Act; or

"(B) specifies the rate at which the student will obtain academic credit for tutorial services; and

"(2) demonstrate the active interest of the local educational agency (for the students receiving services under chapter 1) in establishing the program; and

"(3) contain or be accompanied by such other information of assurances as the Secretary may require to carry out the purposes of this part.

"SEC. 154. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part, $10,000,000 for fiscal year 1991 and such sums as may be necessary for each of the three succeeding fiscal years.".

PART C—PEACE CORPS

SEC. 191. SHORT TITLE.

This part may be cited as the "Peace Corps Volunteer Education Demonstration Program Act".

SEC. 192. PROGRAM AUTHORIZED.

(a) GENERAL AUTHORITY.—The Director of the Peace Corps is authorized to carry out a training and educational benefits demonstration program in accordance with this part.

(b) CONTRACT AUTHORITY.—The Director is authorized, either directly or by way of grant, contract, or other arrangement, to carry out the provisions of this part. The authority to enter into contracts under this part shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriations Acts.

SEC. 193. ELIGIBILITY.

Any individual who—

(1) has completed at least 2 years of satisfactory study at an institution of higher education, is enrolled in an educational program of at least 4 years at an institution of higher education for which such institution awards a bachelor's degree, and will complete such program within 2 years,

(2) enters into an agreement with the Director to serve at least 3 years as a volunteer in the Peace Corps, and

(3) is selected pursuant to the competitive process established under section 194,

is eligible to participate in the demonstration program authorized by this part.

SEC. 194. SELECTION PROCEDURES.

The Director of the Peace Corps shall establish uniform criteria for the selection on a competitive basis of individuals to participate in the training program established under section 195 and to receive educational benefits under section 196. The selection procedures established under this section shall give special consideration to students from groups traditionally underrepresented in the Peace Corps and to students who will specialize in courses of instruction for which there is a special need in the Peace Corps.

SEC. 195. TRAINING PROGRAM.

The Director of the Peace Corps shall establish and carry out a training program under which each individual selected under section 194, as part of the course of study which the individual is pursuing at his or her institution of higher education, receives appropriate training for the work he or she will perform in the Peace Corps.

SEC. 196. EDUCATIONAL BENEFITS.

(a) BENEFITS PROVIDED.—Each individual who has been selected under section 194 shall be eligible to receive educational benefits in an amount not to exceed the costs of tuition, room and board, and books and fees, that the individual incurs in attending his or her institution of higher education during the remaining 2 years of the educational program in which the individual is enrolled.

(b) FORM OF BENEFITS.—The educational benefits provided to an individual under subsection (a) shall be in the form of grants, remissions of expenses, or such other form as the Director considers appropriate.

(c) REPAYMENT OF BENEFITS.—An individual provided benefits under subsection (a) shall repay the amount of the benefits so provided, plus interest—

(1) if the individual fails to complete his or her educational program within the 2-year period specified in section 193(1), or

(2) if the individual fails to serve 3 years as a volunteer in the Peace Corps upon completing his or her educational program.

The Director may waive the repayment requirement if exceptional circumstances, such as illness or death, prevent an individual from meeting such 2-year or 3-year requirement.

(d) COLLECTION BY SECRETARY OF EDUCATION.—The Secretary of Education shall have the authority to collect amounts owed by an individual under subsection (c). The Secretary may, for the purpose of collecting such amounts, exercise the authorities conferred on the Secretary by sections 467 and 468 of the Higher Education Act of 1965 (20 U.S.C. 1087gg and 1087hh) with respect to the collection of defaulted loans under part E of title IV of that Act. Amounts collected under this subsection shall be deposited in the general fund of the Treasury.

SEC. 197. EVALUATION AND REPORT.

The Director and the Secretary of Education shall jointly conduct an evaluation of the demonstration program authorized by this part and shall prepare and submit to the President and the Congress—

(1) not later than October 31, 1993, an interim report on such evaluation, and

(2) not later than October 31, 1995, a final report on such evaluation, together with such recommendations, including recommendations for legislation, as the Director and the Secretary consider appropriate.

SEC. 198. DEFINITIONS.

As used in this part—

(1) the term "Director" means the Director of the Peace Corps, and

(2) the term "institution of higher education" has the meaning given that term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

SEC. 199. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Peace Corps to carry out this part $2,000,000 for the fiscal year 1991 and such sums as may be necessary for each succeeding fiscal year ending before October 1, 1994. Amounts appropriated under this section are authorized to remain available until expended.

PART D—COMMUNITY ACTION AGENCIES

For purposes of this title and the amendments made by this title, the term "community-based organization" includes a community action agency.

TITLE II—TO ESTABLISH THE AMERICAN CONSERVATION AND YOUTH SERVICE CORPS

PART A—AMERICAN CONSERVATION CORPS

SEC. 201. ESTABLISHMENT.

(a) IN GENERAL.—There is established the American Conservation Corps to be administered by the Secretary of Agriculture and the Secretary of the Interior (individually referred to in this Act as the "administering Secretary") under subsection (b) and through a State grant component.

(b) FEDERAL COMPONENT.—

(1) The Secretary of the Interior and the Secretary of Agriculture shall establish the Federal component of the American Conservation Corps within their respective agencies to administer programs on Federal lands. Applications for participation in the Corps on Federal public lands shall be submitted to the administering Secretary in the manner described in part D and under regulations promulgated under subsection (e).

(2) Funds appropriated for purposes of this part to an administering Secretary shall be used to carry out projects on Federal lands and to provide for the Federal administrative costs of implementing this part.

(3) In using such funds, the Secretary of the Interior and the Secretary of Agriculture shall enter into contracts or other agreements with program agencies, local governments, and nonprofit organizations approved for participation under section 220(a).

(4) Participants shall contract with qualified existing youth corps programs in the regions or areas where Federal component activities will occur. In States where such corps programs do not exist, the Secretary shall encourage the chief executive officer of the State to establish a youth corps program. Only if a State has failed to establish a youth corps program shall the Secretary directly administer a program for the Federal component.

(c) STATE COMPONENT.—

(1) The Secretary of the Interior shall establish a program under which grants shall

be made to States to administer the State component of the American Conservation Corps involving work on non-Federal public lands and waters within a given State. Each Governor shall designate a State program agency to administer the program within the State.

(2) If at the commencement of a fiscal year, such a program agency has not been so designated, any local government within such State may establish a program agency to carry out the State component within the political subdivision under the jurisdiction of such local government.

(3) Any program agency may apply for a grant under this title in the manner described in section 215.

(d) LOCAL GOVERNMENT PARTICIPATION.—

(1) Any local government program agency established under subsection (c)(2) shall be subject, in all respects, to the same requirements as a State program agency. Where more than one local government within a State has established a program agency under subsection (c)(2), the administering Secretary shall allocate funds between such agencies in such manner as the Secretary considers equitable.

(2) Any State carrying out a program under this part shall provide a mechanism under which local governments and nonprofit organizations within the State may participate in the American Conservation Corps.

(e) REGULATIONS AND ASSISTANCE.—

(1) Before the end of the 120-day period beginning on the date of the enactment of this Act, the Secretary of the Interior and the Secretary of Agriculture, after consultation with the Secretary of Labor, shall jointly promulgate regulations necessary to implement the American Conservation Corps established by subsection (a).

(2)(A) Before the end of the 30-day period beginning on the date of the enactment of this Act, the Secretary of the Interior and the Secretary of Agriculture shall establish procedures to give program agencies and other interested parties (including the general public) adequate notice and opportunity to comment on and participate in the formulation of such regulations.

(B) The regulations shall include provisions to assure uniform reporting on—

(i) the activities and accomplishments of American Conservation Corps programs,

(ii) the demographic characteristics of enrollees in the Corps, and

(iii) such other information as may be necessary to prepare the annual report required by section 229(a).

(f) PROJECTS INCLUDED.—The American Conservation Corps established under subsection (a) may carry out projects such as—

(1) conservation, rehabilitation, and improvement of wildlife habitat, rangelands, parks, and recreational areas,

(2) urban revitalization and historical and cultural site preservation,

(3) fish culture and habitat maintenance and improvement and other fishery assistance,

(4) road and trail maintenance and improvement,

(5)(A) erosion, flood, drought, and storm damage assistance and controls,

(B) stream, lake, and waterfront harbor and port improvement, and

(C) wetlands protection and pollution control,

(6) insect, disease, rodent, and fire prevention and control,

(7) improvement of abandoned railroad bed and right-of-way,

(8) energy conservation projects, renewable resource enhancement, and recovery of biomass,

(9) reclamation and improvement of strip-mined land, and

(10) forestry, nursery, and cultural operations.

(g) LIMITATION TO PUBLIC LANDS.—Projects to be carried out under the American Conservation Corps shall be limited to projects on public lands or Indian lands, except where a project involving other lands will provide a documented public benefit as determined by the administering Secretary. The regulations promulgated under subsection (e) shall establish the criteria necessary to make such determinations.

(h) CONSISTENCY.—All projects carried out under this part for conservation, rehabilitation, or improvement of any public lands or Indian lands shall be consistent with—

(1) the provisions of law and policies relating to the management and administration of such lands and all other applicable provisions of law, and

(2) all management, operational, and other plans and documents which govern the administration of the area.

(i) PARTICIPATION BY OTHER CONSERVATION PROGRAMS.—Any land or water conservation program (or any related program) administered in any State under the authority of any Federal program is encouraged to use services available under this part to carry out its program.

SEC. 202. ALLOCATION OF AUTHORIZED FUNDS.

Of the sums appropriated under section 232(b)(1)(A) to carry out this part for any fiscal year—

(1) 50 percent shall be made available to the administering Secretary for expenditure by State program agencies which have been approved for participation in the American Conservation Corps for work on State and county lands,

(2) 15 percent shall be made available to the Secretary of Agriculture for expenditure by agencies within the Department of Agriculture, subject to section 232(d),

(3) 5 percent shall be made available to an administering Secretary, under such terms as are provided for in regulations promulgated under section 201(e), for expenditure by other Federal agencies, subject to section 232(d),

(4) 25 percent shall be made available to the Secretary of the Interior for expenditure by agencies within the Department of the Interior, subject to section 232(d), and for demonstration projects or projects of special merit carried out by any program agency or by any nonprofit organization or local government which is undertaking or proposing to undertake projects consistent with the purposes of this part, and

(5) 5 percent shall be made available to the Secretary of the Interior for expenditure by the governing bodies of participating Indian tribes.

PART B—YOUTH SERVICE CORPS

SEC. 206. YOUTH SERVICE CORPS PROJECT GRANTS.

(a) ESTABLISHMENT.—There is established the Youth Service Corps.

(b) GRANTS.—The Director of the ACTION Agency shall appoint an Assistant Director (referred to in this Act as the "Assistant Director") who shall provide, to public and private nonprofit agencies determined to be eligible under section 216, grants for Youth Service Corps projects and otherwise to administer this part.

SEC. 207. SERVICE CATEGORIES.

(a) DESIGNATION OF SERVICE CATEGORIES.—The Assistant Director shall, by regulation, designate specific activities as service categories in which persons serving in Youth Service Corps projects may serve for purposes of this part.

(b) ELIGIBILITY REQUIREMENTS.—An activity may be designated as a service category under subsection (a) if the Assistant Director determines that—

(1) such activity is of substantial social benefit in meeting unmet human, social, or environmental needs (particularly needs related to poverty) of or in the community where service is to be performed,

(2) involvement of persons serving in Youth Service Corps projects under this part in such activity will not interfere unreasonably with the availability and the terms of employment of employees of sponsoring organizations with positions available in such activity,

(3) persons serving in Youth Service Corps projects under this part are able to meet the physical, mental, and educational qualifications that such activity requires, and

(4) such activity is otherwise appropriate for purposes of this part.

(c) SPECIFIC ELIGIBLE SERVICE CATEGORIES.—The service categories referred to in subsection (a) may include service in—

(1) State, local, and regional governmental agencies,

(2) nursing homes, hospices, senior centers, hospitals, local libraries, parks, recreational facilities, day care centers, and schools,

(3) law enforcement agencies, and penal and probation systems,

(4) private nonprofit organizations whose principal purpose is social service,

(5) the rehabilitation or improvement of public facilities, neighborhood improvements, literacy training benefiting educationally disadvantaged persons, weatherization of and basic repairs (including construction) to low-income housing, energy conservation, including solar energy techniques, removal of architectural barriers to access by handicapped persons to public facilities, and conservation, maintenance, or restoration of natural resources on publicly held lands, and

(6) any other nonpartisan civic activity and service that the Assistant Director determines to be appropriate for purposes of this part.

(d) INELIGIBLE SERVICE CATEGORIES.—The service categories referred to in subsection (a) may not include any position in any—

(1) business organized for profit,

(2) labor union,

(3) partisan political organization,

(4) organization engaged in religious activities, unless such position does not involve any religious functions, or

(5) domestic or personal service company or organization.

(e) RELATED PROGRAMS.—Any program administered under the authority of the Secretary of Health and Human Services, which program is operated for the same purpose as any program eligible under this part, is encouraged to use services available under this part to carry out its program.

PART C—YOUTH SKILLS ENHANCEMENT

SEC. 211. CERTIFICATION AND ACADEMIC CREDIT.

The administering Secretary or the Assistant Director (whichever the case may be) shall provide guidance and assistance to States in securing certification of training skills or academic credit for competencies developed under part A or B.

SEC. 212. TRAINING AND EDUCATION SERVICES.

(a) ASSESSMENT OF SKILLS.—Each program agency shall, through programs and projects under part A or B, maintain or enhance the educational skills of enrollees in the program. Each such agency shall assess the educational level of enrollees at the time of entrance in the program, using any available records or simplified assessment means or methodology.

(b) PROVISION OF IN-SERVICE TRAINING AND EDUCATION.—

(1) Program agencies receiving assistance under section 216 shall use not less than 10 percent of the funds available to them to provide in-service training and educational materials and services for enrollees and persons serving in programs and may enter into arrangements with academic institutions or education providers, including—

(A) local education agencies,

(B) community colleges,

(C) 4-year colleges,

(D) area vocational-technical schools, and

(E) community based organizations,

for academic study (including remediation) by enrollees and other persons serving in Youth Service Corps projects during nonworking hours to upgrade literacy skills, to obtain a high school diploma (or its equivalency) or college degrees, or to enhance employable skills. Career counseling shall be provided to enrollees and other persons serving in Youth Service Corps projects during any period of in-service training. Each graduating enrollee must be provided with counseling with respect to additional study, job skills training, or employment and shall be provided job placement assistance where appropriate.

(2) Enrollees and other persons serving in Youth Service Corps projects who have not obtained a high school diploma or its equivalent shall have priority to receive services under this subsection.

(3) Whenever possible, an enrollee seeking study or training not provided at the enrollee's assigned facility shall be offered assignment to a facility providing such study or training.

(c) POST-SERVICE EDUCATION AND TRAINING ASSISTANCE.—Any such program or project shall use not less than 10 percent of the funds available to the agency for the program or project under section 216 to provide services described in subsection (b)(1) for post-service education and training assistance. The amount of such assistance provided to any eligible individual shall be based upon the period of time such person served in a program or project under this title. The activities under this section may include activities available to eligible enrollees under in-service education and training assistance, career and vocational counseling, assistance in entering a program under the Job Training Partnership Act, and other activities deemed appropriate for the enrollee by the program agency and the advisory board.

(d) STANDARDS AND PROCEDURES.—Appropriate State and local officials shall certify that standards and procedures with respect to the awarding of academic credit and certifying educational attainment in programs conducted under subsection (b) are consistent with the requirements of applicable State and local law and regulations. Such standards and procedures shall specify, among other things, that any person serving in a program or project under this title—

(1) who is not a high school graduate, shall participate in an educational component whereby such person can progress toward a high school diploma or its equivalent, and

(2) may arrange to receive academic credit in recognition of learning and skills obtained from service satisfactorily completed.

PART D—ADMINISTRATIVE PROVISIONS

SEC. 216. GRANTS.

(a) AWARD OF GRANTS.—Within 60 days after the date of the enactment of appropriations under section 232, any eligible entity may apply to the administering Secretary or the Assistant Director (whichever the case may be) for funds under this title in the manner specified under part A or part B. In determining the amount of funds to be awarded to any such applicant, the administering Secretary or the Assistant Director (whichever the case may be) shall consider each of the following factors:

(1) The proportion of the unemployed youth population of area to be served.

(2)(A) In the case of part A, the conservation, rehabilitation, and improvement needs on public lands within the State, and

(B) In the case of part B, unmet human, social, or environmental needs (particularly needs related to poverty) within the area to be served.

(b) MATCHING REQUIREMENT.—

(1) As a condition on the award of a grant under subsection (a), a State or program agency shall demonstrate to the satisfaction of the administering Secretary or the Assistant Director (whichever the case may be) that it will expend (in cash or in kind), for purposes of any American Conservation Corps or Youth Service Corps project funded under this Act, an amount from public or private non-Federal sources (including the direct cost of employment or training services provided by State or local programs, private nonprofit organizations, and private for-profit employers) equal to the amount made available to such State or agency under this title.

(2) In addition to such matching requirement, the State or program agency shall demonstrate to the satisfaction of the administering Secretary or the Assistant Director (whichever the case may be) that the effectiveness of the project will be enhanced by the use of Federal funds.

(c) PAYMENT TERMS.—Payments under grants awarded under this section may be made in advance or by way of reimbursement and at such intervals and on such conditions as the administering Secretary or the Assistant Director (whichever the case may be) finds necessary.

(d) USE OF FUNDS, LIMITATIONS.—

(1) Contract authority under this title shall be subject to the availability of appropriations. Funds appropriated under section 232 shall only be used for activities which are in addition to those which would otherwise be carried out in the area in the absence of such funds.

(2) Not more than 10 percent of the Federal funds made available to any State or program agency for projects during each fiscal year may be used for the purchase of major capital equipment.

(3) Not more than 15 percent of any Federal funds made available to any State or program agency under this title may be used to cover administrative expenses. In any case in which a grant is being awarded to a specific unit of local government rather than to a State, the State may not use more than 3 percent of the grant to cover administrative expenses. The remainder of the grant shall be transferred to the relevant unit of local government.

(4) Not more than 5 percent of any Federal funds provided under this title may be used for part-time service or conservation programs. For purposes of this paragraph the term "part-time" means unpaid service of not more than 15 hours per week.

(5) Not more than 1 percent of any Federal funds provided under this title may be used for joint programs with organized senior citizen programs for community support services.

SEC. 217. APPROVAL OF APPLICATIONS AND SUPERVISION OF PROGRAMS.

(a) APPLICATION.—

(1) In order to be eligible for any grant under section 216, an applying entity shall submit, in accordance with subsection (c), a plan that describes the existing or proposed program or project for which such grant is requested.

(2) Any entity which is eligible to provide employment and educational training under other Federal employment training programs may apply for a grant under section 216.

(b) CONTENTS OF PLAN FOR ELIGIBILITY FOR GRANTS.—The plan referred to in subsection (a) shall include the following:

(1)(A) A comprehensive description of the objectives and performance goals for the program, (B) a plan for managing and funding the program, and (C) a description of the types of projects to be carried out, including a description of the types and duration of training and work experience to be provided.

(2) A plan for certification of the training skills acquired by enrollees and award of academic credit to enrollees for competencies developed from training programs or work experience obtained under this title.

(3) An estimate of the number of enrollees and crew leaders necessary for the proposed projects, the length of time for which the services of such personnel will be required, and the services which will be required for their support.

(4) A description of the location and types of facilities and equipment to be used in carrying out the programs.

(5) A list of positions from which any person serving in such project may choose a service position, which list shall, to the extent practicable, identify a sufficient number and variety of positions so that any person living within a program area who desires to serve in voluntary youth service may serve in a position that fulfills the needs of such person.

(6) A list of requirements to be imposed on any sponsoring organization of any person serving in a program or project under this title, including a provision that any sponsoring organization that invests in any project under this title by making a cash contribution or by providing free training of any person participating in such project shall be given preference over any sponsoring organization that does not make such an investment.

(7) With respect to the specified location and type of any facility to be used in carrying out the program, a description of—

(A) the proximity of any such facility to the work to be done,

(B) the cost and means of transportation available between any such facility and the homes of the enrollees who may be assigned to that facility,

(C) the participation of economically, socially, physically, or educationally disadvantaged youths, and

(D) the cost of establishing, maintaining, and staffing the facility.

(8)(A) A provision describing the manner of appointment of sufficient supervisory staff by the chief administrator to provide for other central elements of a youth corps, such as crew structure and a youth development component. Supervisory staff may include enrollees who have displayed exceptional leadership qualities.

(B) A provision describing a plan to assure the on-site presence of knowledgeable and competent supervision at program facilities.

(9) A description of the facilities, quarters, and board (in the case of residential facilities), limited and emergency medical care, transportation from administrative facilities to work sites, and other appropriate services, supplies, and equipment that will be provided by the agency.

(10) A description of basic standards of work requirements, health, nutrition, sanitation, and safety, and the manner by which such standards shall be enforced.

(11) A description of the program's plan to assign youths to facilities as near to their homes as is reasonable and practicable.

(12) A description of formal social counseling arrangements to be made available to the participant during service in the American Conservation Corps or Youth Service Corps.

(13) Such other information as the administering Secretary or the Assistant Director (whichever the case may be) may prescribe.

(c) PRELIMINARY APPROVAL OF PART A APPLICATIONS.—

(1) An application for participation in the State component under part A shall first be submitted to the designated State agency for preliminary review and approval. Such agency shall forward to the appropriate State job training coordinating council, if any (established under the Job Training Partnership Act (29 U.S.C. 1502 et seq.)), for further review and comment, any application it approves. Upon the expiration of the 30-day review period referred to in subsection (e), the State agency shall submit any approved application, along with any comments by the council, to the administering Secretary.

(2) A State may submit any application for its own program under part A to the administering Secretary after complying with the review and comment requirement under subsection (e).

(3) The administering Secretary shall establish an appeals procedure (involving review and comment by the State job training council) for applying entities whose applications are disapproved under paragraph (1).

(d) PART B APPLICATIONS.—An application for participation under part B may be submitted by any public or private nonprofit entity to the administering Assistant Director after review and comment under subsection (e).

(e) REVIEW AND COMMENT ON APPLICATIONS.—No application for participation under part A or part B may be submitted to the administering Secretary or the Assistant Director (whichever the case may be) before the end of the 30-day period for review and comment by such council (except in the case of an appeal).

(f) CRITERIA FOR APPROVAL OF APPLICATIONS.—In approving an application under this section, the administering Secretary or the Assistant Director (whichever the case may be) shall consider the extent to which the specifics of the program or project (as described in the application) meet the goals of the program for which the grant is sought.

SEC. 218. PREFERENCE FOR CERTAIN PROJECTS.

In the approval of applications for programs and projects submitted under section 217, the Administering Secretary or the Assistant Director (whichever the case may be) shall give preference to those programs and projects which—

(1) will provide long-term benefits to the public,

(2) will instill in the enrollees a work ethic and a sense of public service,

(3) will be labor intensive, with youth operating in crews,

(4) can be planned and initiated promptly,

(5) will enhance the enrollees' educational level and opportunities, and skills development,

(6) in the case of a proposed part A project, will meet the unmet needs for conservation, rehabilitation, and improvement work on public lands within the State, and

(7) in the case of a proposed part B project, will meet human, social, and environmental needs (particularly needs related to poverty).

SEC. 219. EFFECT OF EARNINGS ON ELIGIBILITY FOR OTHER FEDERAL ASSISTANCE.

Earnings and allowances received under this title by an economically disadvantaged youth, as defined in section 4(8) of the Job Training Partnership Act (29 U.S.C. 1503(8)), shall be disregarded in determining the eligibility of the youth's family for, and the amount of, any benefits based upon need under any program established under this title.

SEC. 220. ENROLLMENT.

(a) CRITERIA.—

(1)(A) Enrollment in the American Conservation Corps and the Youth Service Corps shall be limited to individuals who, at the time of enrollment, are—

(i) not less than 16 years or more than 25 years of age, except that programs limited to the months of June, July, and August may include individuals not less than 15 years and not more than 21 years of age at the time of their enrollment, and

(ii) citizens or nationals of the United States (including those citizens of the Northern Mariana Islands as defined in section 24(b) of the Act entitled "An Act to authorize $15,500,000 for capital improvement projects on Guam, and for other purposes.", approved December 8, 1983 (Public Law 98-213, 48 U.S.C. 1681 note), or lawful permanent resident aliens of the United States.

(B) Special efforts shall be made to recruit and enroll individuals who, at the time of enrollment, are economically disadvantaged.

(C) In addition to recruitment enrollment efforts required in subparagraph (B), the administering Secretary or the Assistant Director (whichever the case may be) shall make special efforts to recruit enrollees who are socially, physically, and educationally disadvantaged youths and also make special efforts who are participating in foster care independent living programs, who are homeless, or are otherwise disconnected from their communities.

(D) Any person who does not hold a high school diploma or its equivalent may not be accepted for service in a program or project under this Act unless such person has not been enrolled as a high school student during the 3-month period before the date of such acceptance.

(E) Notwithstanding subparagraph (A), a limited number of special corps members may be enrolled without regard to their age so that the corps may draw upon their special skills which may contribute to the attainment of the purposes of this Act.

(2) Except in the case of a program limited to the months of June, July, and August, individuals who at the time of applying for enrollment have attained 16 years of age but not attained 19 years of age, and who are no longer enrolled in any secondary school shall not be enrolled unless they give adequate written assurances, under criteria to be established by the administering Secretary or the Assistant Director (whichever the case may be), that they did not leave school for the express purpose of enrolling. The regulations promulgated under section 201(e) shall provide such criteria.

(3) The selection of enrollees to serve in the American Conservation Corps or Youth Service Corps shall be the responsibility of the chief administrator of the program agency. Enrollees shall be selected from those qualified persons who have applied to, or been recruited by, the program agency, a State employment security service, a local school district with an employment referral service, an administrative entity under the Job Training Partnership Act (29 U.S.C. 1502 et seq.), a community or community-based nonprofit organization, the sponsor of an Indian program, or the sponsor of a migrant or seasonal agricultural worker program.

(4)(A) Except for a program limited to the months of June, July, and August, any qualified individual selected for enrollment in the American Conservation Corps or Youth Service Corps may be enrolled for a period not to exceed 24 months. When the term of enrollment does not consist of one continuous 24-month term, the total of shorter terms may not exceed 24 months.

(B) No individual may remain enrolled in the American Conservation Corps or Youth Service Corps after that individual has attained the age of 26 years, except as provided in paragraph (1)(E).

(C) No enrollee shall perform services in any project for more than a 6-month period.

(5) Within the American Conservation Corps or Youth Service Corps the directors of programs shall establish and stringently enforce standards of conduct to promote proper moral and disciplinary conditions. Enrollees who violate these standards shall be transferred to other locations, or dismissed, if it is determined that their retention in that particular program, or in the Corps, will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees. Such disciplinary measures shall be subject to expeditious appeal to the administering Secretary or the Assistant Director (whichever the case may be).

(b) REQUIREMENT OF PAYMENT FOR CERTAIN SERVICES.—A reasonable portion of the costs of the rates for room and board provided at residential facilities may be deducted from amounts determined under subsection (c) and deposited into rollover funds administered by the appropriate program agency. Such deductions and rates are to be established after evaluation of costs of providing the services. The rollover funds established under this subsection shall be used solely to defray the costs of room and board for enrollees. The administering Secretary, or the Assistant Director (whichever the case may be), and the Secretary of Defense may make available to program agencies any surplus food and equipment available from Federal programs.

(c) SUBSISTENCE ALLOWANCE AND OTHER BENEFITS.—

(1) The administering Secretary or the Assistant Director (whichever the case may be), shall devise a schedule providing an aggregate amount of subsistence allowances and other benefits, including education and training benefits (such as loans, scholarships, and grants) in an amount that is equal to not less than 100 percent and not more than 160 percent of the amount such enrollee would have earned if such person had been paid at a rate equal to the minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) during the period of service of such enrollee.

(2) During the period of an enrollee's service, the enrollee shall receive, from amounts determined under paragraph (1), an allowance (in cash or in kind) of not less than 50 percent and not more than 100 percent of such minimum wage, to be paid to such person during such period of service.

(3) In any case in which enrollees would perform services substantially similar to the duties and responsibilities of a regular employee employed by the employer to whom such enrollee is assigned, the program agency shall ensure that the amount determined under paragraph (1) shall be based upon a rate not less than the highest of—

(A) the minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938,

(B) the minimum wage under the applicable State or local minimum wage law, or

(C) the prevailing rates of pay for such regular employees of the employer.

(4) For purposes of the Fair Labor Standards Act of 1938, residential youth service corps programs will be considered an organized camp.

(d) SERVICES, FACILITIES, AND SUPPLIES.—

(1) The program agency shall provide facilities, quarters, and board (in the case of residential facilities), limited and emergency medical care, transportation from administrative facilities to work sites, and other appropriate services, supplies, and equipment.

(2)(A) The administering Secretary or the Assistant Director (whichever the case may be) may provide services, facilities, supplies, and equipment to any program agency carrying out projects under this Act.

(B) Whenever possible, the administering Secretary or the Assistant Director (whichever the case may be) shall make arrangements with the Secretary of Defense to have logistical support provided by a military installation near the work site, including the provision of temporary tent centers where needed, and other supplies and equipment.

(e) HEALTH AND SAFETY STANDARDS.—The administering Secretary or the Assistant Director (whichever the case may be), along with the program agency, shall establish standards and enforcement procedures concerning enrollee health and safety for all projects, consistent with Federal, State, and local health and safety standards.

(f) GUIDANCE AND PLACEMENT.—Program agencies shall provide such job guidance and placement information and assistance for enrollees as may be necessary. Such assistance shall be provided in coordination with appropriate State, local, and private agencies and organizations.

SEC. 221. COORDINATION AND PARTICIPATION WITH OTHER ENTITIES.

(a) AGREEMENTS.—Program agencies may enter into contracts and other appropriate arrangements with local government agencies and nonprofit organizations for the operation or management of any projects or facilities under the program.

(b) COORDINATION.—The administering Secretary or the Assistant Director (whichever the case may be) and the chief administrators of program agencies carrying out programs under this title shall coordinate the programs with related Federal, State, local, and private activities.

(c) JOINT PROJECTS INVOLVING THE DEPARTMENT OF LABOR.—The administering Secretary or the Assistant Director (whichever the case may be) may develop, jointly with the Secretary of Labor, regulations designed to allow, where appropriate, joint projects in which activities supported by funds authorized under this title are coordinated with activities supported by funds authorized under employment and training statutes administered by the Department of Labor (including the Job Training Partnership Act (29 U.S.C. 1502 et seq.)). Such regulations shall provide standards for approval of joint projects which meet both the purposes of this title and the purposes of such employment and training statutes under which funds are available to support the activities proposed for approval. Such regulations shall also establish a single mechanism for approval of joint projects developed at the State or local level.

SEC. 222. AMERICAN CONSERVATION CORPS AND YOUTH SERVICE CORPS STATE ADVISORY BOARDS.

(a) ESTABLISHMENT.—Upon the approval of a project within a State, the State job training coordinating council within the State shall appoint an advisory board for the purpose of conducting regular oversight and review of projects of the American Conservation Corps and the Youth Service Corps within the State. In particular, the advisory board shall certify that the project satisfies the requirements and limitations under this title, including limitations respecting the displacement of existing employees and the types of projects and responsibilities appropriate for enrollees in the American Conservation Corps and the Youth Service Corps. Members of the advisory board shall also provide guidance and assistance for the development and administration of projects.

(b) COMPOSITION.—(1) Each advisory board shall be composed of not less than 7 individuals, of whom—

(A) 2 individuals who are representatives of organized labor (one of each representing the State and local levels), and

(B) 5 individuals, one of each of whom is a representative of the business community, community based organizations, State government (or an appropriate State agency), local elected office, and State or local school administration.

(2) If more than 7 individuals are appointed to an advisory board, the representation required by paragraph (1) shall be met, to the extent practicable.

(c) ANNUAL MEETINGS.—Each advisory board shall meet not less often than twice annually.

SEC. 223. FEDERAL AND STATE EMPLOYEE STATUS.

Enrollees, crew leaders, and volunteers are deemed as being responsible to, or the responsibility of, the program agency administering the project on which they work. Except as otherwise specifically provided in the following paragraphs, enrollees and crew leaders in projects for which funds have been authorized under section 232 shall not be deemed Federal employees and should not be subject to the provisions of law relating to Federal employment:

(1) For purposes of subchapter I of chapter 81 of title 5, United States Code, relating to the compensation of Federal employees for work injuries, enrollees and crew leaders serving American Conservation and Youth Service Corps program agencies shall be deemed employees of the United States within the meaning of the term "employee" as defined in section 8101 of title 5, United States Code, and the provision of that subchapter shall apply, except—

(A) the term "performance of duty" shall not include any act of an enrollee or crew leader while absent from his or her assigned post of duty, except while participating in an activity authorized by or under the direction and supervision of a program agency (including an activity while on pass or during travel to or from such post of duty), and

(B) compensation for disability shall not begin to accrue until the day following the date on which the injured enrollee's or crew leader's employment is terminated.

(2) For purposes of chapter 171 of title 28, United States Code, relating to tort claims procedure, enrollees and crew leaders on American Conservation Corps and Youth Service Corps projects shall be deemed employees of the United States within the meaning of the term "employee of the Government" as defined in section 2671 of such title.

(3) For purposes of section 5911 of title 5, United States Code, relating to allowances for quarters, enrollees and crew leaders shall be deemed employees of the United States within the meaning of the term "employee" as defined in that section.

SEC. 224. NOTICE, HEARING, AND GRIEVANCE PROCEDURES.

(a) IN GENERAL.—

(1) SUSPENSION OF PAYMENTS.—The Secretaries of Interior and Agriculture (in the case of a program funded under part A) or the Director of the ACTION Agency (in the case of a program funded under part B), is authorized, in accordance with this title, to suspend payments or to terminate payments under a contract or grant providing assistance under this title whenever the Secretary or Director determines there is a material failure to comply with this title or the applicable terms and conditions of any such grant or contract issued pursuant to this title.

(2) PROCEDURES TO ENSURE ASSISTANCE.—The Secretary or Director shall prescribe procedures to ensure that—

(A) assistance under this title shall not be suspended for failure to comply with the applicable terms and conditions of this title, except in emergency situations for 30 days, and

(B) assistance under this title shall not be terminated for failure to comply with applicable terms and conditions of this title unless the recipient of such assistance has been afforded reasonable notice and opportunity for a full and fair hearing.

(b) HEARINGS.—Hearings or other meetings that may be necessary to fulfill the requirements of this section shall be held at locations convenient to such recipient.

(c) TRANSCRIPT OR RECORDING.—A transcript or recording shall be made of a hearing conducted under this section and shall be available for inspection by any individual.

(d) STATE LEGISLATION.—Nothing in this title shall be interpreted to preclude the enactment of State legislation providing for the implementation, consistent with the pro-

visions of this title, of the programs administered under this title.

(e) GRIEVANCE PROCEDURE.—

(1) IN GENERAL.—State and local applicants funded under parts A and B shall establish and maintain a procedure for grievances from participants, labor organizations, and other interested individuals concerning projects funded under this title, including grievances regarding proposed placements of such participants.

(2) DEADLINE FOR GRIEVANCES.—Except for a grievance that alleges fraud or criminal activity, a grievance shall be made within 1 year after the date of the alleged occurrence.

(3) DEADLINE FOR HEARING AND DECISION.—A hearing on any grievance shall be conducted within 30 days of filing such grievance and a decision shall be made not later than 60 days after the filing of such grievance.

(4) ARBITRATION.—

(A) IN GENERAL.—On the occurrence of an adverse grievance decision, or 60 days after the filing of such grievance if no decision has been reached, the party filing the grievance shall be permitted to submit such grievance to binding arbitration before a qualified arbitrator who is jointly selected and independent of the interested parties.

(B) DEADLINE FOR PROCEEDING.—An arbitration proceeding shall be held within 45 days after the request for such arbitration.

(C) DEADLINE FOR DECISION.—A decision on such grievance shall be made within 30 days after the date of such arbitration proceeding.

(D) COST.—The cost of such arbitration proceeding shall be divided evenly between the parties.

(5) PROPOSED PLACEMENT.—If a grievance is filed regarding a proposed placement of a participant in a program assisted under this title, such placement shall not be made unless it is consistent with the resolution of the grievance pursuant to this subsection.

(6) REMEDIES.—Remedies for a grievance filed under this subsection include—

(A) suspension of payments for assistance under this title;

(B) termination of such payments; and

(C) prohibition of such placement described in paragraph (5).

SEC. 225. NONDUPLICATION AND NONDISPLACEMENT.

(a) NONDUPLICATION.—

(1) IN GENERAL.—Funds provided under this title shall be used only for an activity that does not duplicate, and is in addition to, programs and activities otherwise available in the locality.

(2) PRIVATE NONPROFIT ENTITY.—Funds available under this title shall not be provided to a private nonprofit entity to conduct activities that are the same or substantially equivalent to activities provided by a State or local government agency that such entity resides in, unless the requirements of subsection (b) are met.

(b) NONDISPLACEMENT.—

(1) IN GENERAL.—An employer shall not displace an employee or position, including partial displacement such as reduction in hours, wages, or employment benefits, as a result of the use by such employer of a participant in a program established under this title.

(2) SERVICE OPPORTUNITIES.—A service opportunity shall not be created under this title that will infringe in any manner upon the promotional opportunity of an employed individual.

(3) LIMITATION ON SERVICES.—

(A) DUPLICATION OF SERVICES.—A participant in a program under this title shall not perform any services or duties or engage in activities that would otherwise be performed by an employee as part of the assigned duties of such employee.

(B) SUPPLANTATION OF HIRING.—A participant in any program under this title shall not perform any services or duties or engage in activities that will supplant the hiring of employed workers.

(C) DUTIES FORMERLY PERFORMED BY ANOTHER EMPLOYEE.—A participant shall not perform services or duties that have been performed by or were assigned to any—

(i) presently employed worker,

(ii) employee who recently resigned or was discharged,

(iii) employee who is subject to a reduction in force,

(iv) employee who is on leave (terminal, temporary, vacation, emergency, or sick), or

(v) employee who is on strike or who is being locked out.

SEC. 226. GRIEVANCE PROCEDURE.

(a) COMPLAINTS.—Each program agency shall establish and maintain a grievance procedure for grievances and complaints about its projects from enrollees and labor organizations and other interested persons. Hearings on any grievance shall be conducted within 30 days of filing of a grievance and decisions shall be made not later than 60 days after the filing of a grievance. Except for complaints alleging fraud or criminal activity, complaints shall be made within 1 year after the date of the alleged occurrence.

(b) INVESTIGATION BY THE ADMINISTERING SECRETARY OR THE ASSISTANT DIRECTOR.—Upon exhaustion of a grievance proceeding without decision, or where the administering Secretary or the Assistant Director (whichever the case may be) has reason to believe that the program agency is failing to comply with the requirements of this title or the terms of a project, the administering Secretary or the Assistant Director (whichever the case may be) shall investigate the allegation or belief within the complaint and determine, within 120 days after receiving the complaint, whether such allegation or belief is true.

SEC. 227. USE OF VOLUNTEERS.

Where any program agency has authority to use volunteer services in carrying out functions of the agency, such agency may use volunteer services for purposes of assisting projects carried out under this title and may expend funds made available for those purposes to the agency, including funds made available under this title, to provide for services or costs incidental to the utilization of such volunteers, including transportation, supplies, lodging, recruiting, training, and supervision. The use of volunteer services permitted by this section shall be subject to the condition that such use does not result in the displacement of any enrollee.

SEC. 228. NONDISCRIMINATION PROVISION.

(a) IN GENERAL.—An individual with responsibility for the operation of a project funded under this title shall not discriminate against a youth corps member or member of the staff of such project on the basis of race, color, national origin, sex, age, disability, or political affiliation of such member.

(b) CONSTRUCTION UNDER CIVIL RIGHTS ACT OF 1964.—For purposes of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), any program or project for which any State is receiving assistance under this title shall be considered to be receiving Federal financial assistance.

(c) RELIGIOUS DISCRIMINATION.—(1) Except as provided in paragraph (2), an individual with responsibility for the operation of a project funded under this title shall not discriminate on the basis of religion against a youth corps member or a member of the project staff who is paid with funds under this title.

(2) Paragraph (1) shall not apply to the employment, with funds provided under this title, of any member of the staff of a project funded under this title who was employed with the organization operating the project on the date the grant funded under this title was awarded.

SEC. 229. LABOR MARKET INFORMATION.

The Secretary of Labor shall make available to the administering Secretary or to the Assistant Director (whichever the case may be) and to any program agency under this title such labor market information as is appropriate for use in carrying out the purposes of this title.

SEC. 230. REVIEW AND REPORTING REQUIREMENTS.

(a) REPORT TO THE PRESIDENT AND CONGRESS.—The administering Secretary or the Assistant Director (whichever the case may be) shall prepare and submit to the President and to the Congress, at least annually, a report detailing the activities carried out under this title during the preceding fiscal year. Such report shall be submitted not later than December 31 of each year following the date of the enactment of the National Service Act of 1990.

(b) OVERSIGHT.—Each recipient of a grant made under section 216 shall provide oversight of service by any person in an American Conservation Corps or Youth Service Corps project under this Act, and of the operations of any employer of such person, in accordance with procedures established by the administering Secretary or the Assistant Director (whichever the case may be). Such procedures shall include fiscal control, accounting, audit, and debt collection procedures to ensure the proper disbursal of, and accounting for, funds received under this title. In order to carry out this section, each such recipient shall have access to such information concerning the operations of any sponsoring organization as the administering Secretary or the Assistant Director (whichever the case may be) determines to be appropriate.

(c) ANNUAL REPORT TO THE SECRETARY.—Any recipient of a grant made under this title shall prepare and submit an annual report to the administering Secretary or the Assistant Director (whichever the case may be) on such date as the Secretary shall determine to be appropriate. Such report shall include—

(1) a description of activities conducted by program or project for which such grant was awarded during the year involved,

(2) characteristics of persons serving in such program or project,

(3) characteristics of positions held by such persons,

(4) a determination of the extent to which relevant standards, as determined by the administering Secretary or the Assistant Director (whichever the case may be), were met by such persons and their sponsoring organizations,

(5) a description of the post-service experiences, including employment and educational achievements, of persons who have served, during the year that is the subject of the report, in projects under this title, and

(6) any additional information that the administering Secretary or the Assistant Di-

rector (whichever the case may be) determines to be appropriate for purposes of this title.

(d) RESEARCH AND EVALUATION.—The administering Secretary or the Assistant Director (whichever the case may be) shall provide for research and evaluation to—

(1) determine costs and benefits, tangible and otherwise, of work performed under this title and of training and employable skills and other benefits gained by enrollees, and

(2) identify options for improving program productivity and youth benefits, which may include alternatives for—

(A) organization, subjects, sponsorship, and funding of work projects,

(B) recruitment and personnel policies,

(C) siting and functions of facilities,

(D) work and training regimes for youth of various origins and needs, and

(E) cooperative arrangements with programs, persons, and institutions not covered under this title.

(e) TECHNICAL ASSISTANCE.—Each administering Secretary or the Assistant Director (whichever the case may be) shall provide technical assistance to the States, to local governments, nonprofit entities and other entities eligible to participate under this title.

SEC. 231. AUTHORITY OF STATE LEGISLATURE.

Nothing in this title shall be interpreted to preclude the enactment of State legislation providing for the implementation, consistent with this title, of the programs administered under this title.

SEC. 232. AUTHORIZATION OF APPROPRIATIONS AND OTHER FISCAL PROVISIONS.

(a) IN GENERAL.—There are authorized to be appropriated to carry out this title, $83,000,000 for fiscal year 1991 and such sums as may be necessary for each of the 3 succeeding fiscal years.

(b) FISCAL YEAR 1991.—

(1) Of amounts appropriated for fiscal year 1991—

(A) $38,000,000 shall be allocated to carry out part A (the American Conservation Corps),

(B) $28,000,000 shall be allocated to carry out part B (the Youth Service Corps),

(C) $13,000,000 shall be allocated for in-service and postservice education, and

(D) $4,000,000 shall be allocated for national and regional clearinghouses, training and technical assistance activities, provide information and model programs, and for grants.

(2) Funds appropriated under this section shall remain available until expended.

(c) LIMITATION ON APPROPRIATIONS.—Of amounts appropriated to carry out this Act, funds designated for part B shall first be made available for part A of title I of the Domestic Volunteer Service Act in an amount necessary to provide the number of service years required for authorized fiscal year under such Act.

(d) LIMITATIONS ON ADMINISTRATIVE EXPENSES.—The regulations promulgated under this title shall establish appropriate limitations on the administrative expenses incurred by Federal agencies carrying out programs under this Act, including a cost reimbursement system under which the administrative expenses are paid under this title through reimbursement.

(e) CARRYOVER.—Funds obligated for any program year may be expended by each recipient during that program year and the two succeeding program years and no amount shall be deobligated on account of a rate of expenditure which is consistent with the program plan.

SEC. 233. DEFINITIONS.

For purposes of this title the following terms have the following meanings:

(1) The term "crew leader" means an enrollee appointed under authority of this title for the purpose of assisting in the supervision of other enrollees engaged in work projects pursuant to this title.

(2) The term "crew supervisor" means the adult staff person responsible for supervising a crew of enrollees (including the crew leader).

(3) The term "economically disadvantaged" with respect to youths has the same meaning given such term in section 4(8) of the Job Training Partnership Act (29 U.S.C. 1503(8)).

(4) The term "employment security service" means the agency in each of the several States with responsibility for the administration of unemployment and employment programs and the oversight of local labor conditions.

(5) The term "enrollee" means any individual who is enrolled in the American Conservation or in the Youth Service Corps in accordance with section 405.

(6) The term "Indian" means a person who is a member of an Indian tribe.

(7) The term "Indian lands" means any real property owned by an Indian tribe, any real property held in trust by the United States for Indian tribes, and any real property held by Indian tribes which is subject to restrictions on alienation imposed by the United States.

(8) The term "Indian tribe" means any Indian tribe, band, nation, or other group which is recognized as an Indian tribe by the Secretary of the Interior. Such term also includes any Native village corporation, regional corporation, and Native group established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1701 et seq.).

(9) The term "public lands" means any lands or waters (or interest therein) owned or administered by the United States or by any agency or instrumentality of a State or local government.

(10) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

(11) The term "displacement" includes, but is not limited to, any partial displacement through reduction of nonovertime hours, wages, or employment benefits.

(12) The term "program" means activities carried out under part A or part B.

(13) The term "administering Secretary" means for purposes of part A the Secretary of the Interior (in the case of any lands or programs involving the Department of the Interior), or the Secretary of Agriculture (in the case of lands or programs involving the Department of Agriculture).

(14) The term "program agency" means—

(A) any Federal or State agency designated to manage any program in that State, or

(B) the governing body of any Indian tribe.

(15) The term "chief administrator" means the head of any program agency.

(16) The term "applying entity" means any program agency or any nonprofit organization which applies for a grant under section 216.

(17) The term "project" means any activity (or group of activities) which result in a specific identifiable service or product that otherwise would not be done with existing funds, and which shall not duplicate the routine services or functions of the employer to whom enrollees are assigned. In any case where participant activities overlap with the routine services or functions of an employer, no participant shall work in the same project for more than 6 months.

PART E—YOUTH SERVICE CLEARINGHOUSES

SEC. 236. FUNDING.

(a) IN GENERAL.—The Secretary of the Interior and the Director of the Action Agency are each authorized to provide financial assistance to 1 or more national or regional clearinghouses on youth corps and youth service.

(b) PUBLIC AND PRIVATE NONPROFIT AGENCIES.—Public and private nonprofit agencies with extensive experience in youth corps and youth service programming may apply for financial assistance under subsection (a) for clearinghouses.

(c) FUNCTION.—National and regional clearinghouses assisted under subsection (a) shall—

(1) provide information, curriculum materials, technical assistance on program planning and operation, and training to States and local entities eligible to receive funds under this title,

(2) gather and disseminate information on successful programs, components of successful programs, innovative youth skills curriculum, and projects being implemented nationwide, and

(3) make recommendations to States, local entities, and agencies on quality controls to improve program delivery and on changes in the programs under this title.

PART F—COMMUNITY ACTION AGENCIES

For purposes of this title and the amendments made by this title, the terms "community-based organization" and "nonprofit organization" include a community action agency.

TITLE III—PROPOSED MODEL GOOD SAMARITAN FOOD DONATION ACT

SEC. 301. SENSE OF CONGRESS CONCERNING ENACTMENT OF GOOD SAMARITAN FOOD DONATION ACT.

(a) IN GENERAL.—It is the sense of Congress that each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States should—

(1) encourage the donation of apparently wholesome food or grocery products to nonprofit organizations for distribution to needy individuals; and

(2) consider the model Good Samaritan Food Donation Act (provided in section 302) as a means of encouraging the donation of food and grocery products.

(b) DISTRIBUTION OF COPIES.—The Archivist of the United States shall distribute a copy of this Act to the chief executive officer of each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

SEC. 302. MODEL GOOD SAMARITAN FOOD DONATION ACT.

(a) SHORT TITLE.—This section may be cited as the "Good Samaritan Food Donation Act".

(b) DEFINITIONS.—As used in this section:

(1) APPARENTLY FIT GROCERY PRODUCT.—The term "apparently fit grocery product" means a grocery product that meets all quality and labeling standards imposed by Federal, State, and local laws and regulations

even though the product may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other condition.

(2) APPARENTLY WHOLESOME FOOD.—The term "apparently wholesome food" means food that meets all quality and labeling standards imposed by Federal, State, and local laws and regulations even though the food may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other condition.

(3) DONATE.—The term "donate" means to give without requiring anything of monetary value from the recipient, except that the term shall include giving by a nonprofit organization to another nonprofit organization, notwithstanding that the donor organization has charged a nominal fee to the donee organization, if the ultimate recipient or user is not required to give anything of monetary value.

(4) FOOD.—The term "food" means any raw, cooked, processed, or prepared edible substance, ice, beverage, or ingredient used or intended for use in whole or in part for human consumption.

(5) GLEANER.—The term "gleaner" means a person who harvests for free distribution to the needy, or for donation to a nonprofit organization for ultimate distribution to the needy, an agricultural crop that has been donated by the owner.

(6) GROCERY PRODUCT.—The term "grocery product" means a nonfood grocery product, including a disposable paper or plastic product, household cleaning product, laundry detergent, cleaning product, or miscellaneous household item.

(7) GROSS NEGLIGENCE.—The term "gross negligence" means voluntary and conscious conduct by a person with knowledge (at the time of the conduct) that the conduct is likely to be harmful to the health or well-being of another person.

(8) INTENTIONAL MISCONDUCT.—The term "intentional misconduct" means conduct by a person with knowledge (at the time of the conduct) that the conduct is harmful to the health or well-being of another person.

(9) NONPROFIT ORGANIZATION.—The term "nonprofit organization" means an incorporated or unincorporated entity that—

(A) is operating for religious, charitable, or educational purposes; and

(B) does not provide net earnings to, or operate in any other manner that inures to the benefit of, any officer, employee, or shareholder of the entity.

(10) PERSON.—The term "person" means an individual, corporation, partnership, organization, association, or governmental entity, including a retail grocer, wholesaler, hotel, motel, manufacturer, restaurant, caterer, farmer, and nonprofit food distributor or hospital. In the case of a corporation, partnership, organization, association, or governmental entity, the term includes an officer, director, partner, deacon, trustee, council member, or other elected or appointed individual responsible for the governance of the entity.

(c) LIABILITY FOR DAMAGES FROM DONATED FOOD AND GROCERY PRODUCTS.—A person or gleaner shall not be subject to civil or criminal liability arising from the nature, age, packaging, or condition of apparently wholesome food or an apparently fit grocery product that the person or gleaner donates in good faith to a nonprofit organization for ultimate distribution to needy individuals, except that this paragraph shall not apply to an injury to or death of an ultimate user or recipient of the food or grocery product that results from an act or omission of the donor constituting gross negligence or intentional misconduct.

(d) COLLECTION OR GLEANING OF DONATIONS.—A person who allows the collection or gleaning of donations on property owned or occupied by the person by gleaners, or paid or unpaid representatives of a nonprofit organization, for ultimate distribution to needy individuals shall not be subject to civil or criminal liability that arises due to the injury or death of the gleaner or representative, except that this paragraph shall not apply to an injury or death that results from an act or omission of the person constituting gross negligence or intentional misconduct.

(e) PARTIAL COMPLIANCE.—If some or all of the donated food and grocery products do not meet all quality and labeling standards imposed by Federal, State, and local laws and regulations, the person or gleaner who donates the food and grocery products shall not be subject to civil or criminal liability in accordance with this section if the nonprofit organization that receives the donated food or grocery products—

(1) is informed by the donor of the distressed or defective condition of the donated food or grocery products;

(2) agrees to recondition the donated food or grocery products to comply with all the quality and labeling standards prior to distribution; and

(3) is knowledgeable of the standards to properly recondition the donated food or grocery product.

(f) CONSTRUCTION.—This section shall not be construed to create any liability.

SEC. 303. EFFECT OF SECTION 302.

The model Good Samaritan Food Donation Act (provided in section 302) is intended only to serve as a model law for enactment by the States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States. The enactment of section 302 shall have no force or effect in law.

TITLE IV—MILITARY SELECTIVE SERVICE PROVISIONS

SEC. 401. SELECTIVE SERVICE REGISTRATION.

(a) REGISTRATION REQUIRED.—An individual who—

(1) is or was required to register under section 3 of the Military Selective Service Act (50 U.S.C. App. 453); and

(2) is not so registered or knowingly and willfully did not so register before the requirement terminated or became inapplicable to the individual.

shall not be eligible to participate in a service program established under this Act.

(b) ENFORCEMENT.—The head of each agency of the Federal Government administering a service program under this Act shall ensure that each individual participating in that service program has not violated section 3 of the Military Selective Service Act (50 U.S.C. App. 453) by not submitting to registration as required under that section.

SEC. 501. BUY-AMERICAN REQUIREMENT.

(a) DETERMINATION BY THE SECRETARY.—If the Secretary of Education, with the concurrence of the Secretary of Commerce and the United States Trade Representative, determines that the public interest so desires, the Commission is authorized to award to a domestic firm a contract made pursuant to the issuance of any grant made under this Act that, under the use of competitive procedures, would be awarded to a foreign firm, if—

(1) the final product of the domestic firm will be completely assembled in the United States;

(2) when completely assembled, not less than 51 percent of the final product of the domestic firm will be domestically produced; and

(3) the difference between the bids submitted by the foreign and domestic firms is not more than 6 percent. In determining under this subsection whether the public interest so requires, the Secretary shall take into account United States international obligations and trade relations.

(b) LIMITED APPLICATION.—This section shall not apply to the extent to which—

(1) such applicability would not be in the public interest;

(2) compelling national security considerations require otherwise; or

(3) the United States Trade Representative determines that such an award would be in violation of the General Agreement on Tariffs and Trade or an international agreement to which the United States is a party.

(c) LIMITATION.—This section shall apply only to contracts made related to the issuance of any grant or contract made under this Act for which—

(1) amounts are authorized by this act (including the amendments made by this act) to be made available; and

(2) solicitation for bids are issued after the date of the enactment of this Act.

(d) REPORT TO CONGRESS.—The Secretary shall report to the Congress on contracts covered under this section and entered into with foreign entities in fiscal years 1990 and 1991 and shall report to the Congress on the number of Contracts that meet the requirements of subsection (a) but which are determined by the United States Trade Representative to be in violation of the General Agreement or an international agreement to which the United States is a party. The Secretary shall also report to the Congress on the number of contracts covered under this Act (including the amendments made by this Act) and awarded based upon the parameters of this section.

(e) DEFINITIONS.—For purposes of this section—

(1) SECRETARY.—The term "Secretary" means the Secretary of Education.

(2) DOMESTIC FIRM.—The term "Domestic Firm" means a business entity that is incorporated in the United States and that conducts business operations in the United States.

(3) FOREIGN FIRM.—The term "foreign firm" means a business entity not described in paragraph (2).

The motion was agreed to.

The Senate bill was ordered to be read a thrid time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "An act to establish school-based and higher education community service programs, to establish youth service programs, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 4330) was laid on the table.

CONFERENCE REPORT ON S. 2088, STRATEGIC PETROLEUM RESERVE AMENDMENTS OF 1990

Mr. SHARP submitted the following conference report and statement on

the Senate bill (S. 2088) to amend the Energy Policy and Conservation Act to extend the authority for titles I and II, and for other purposes:

CONFERENCE REPORT (H. REPT. 101-698)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2088) to amend the Energy Policy and Conservation Act to extend the authority for titles I and II, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

SECTION 1. SHORT TITLE.

This Act may be referred to as the "Energy Policy and Conservation Act Amendments of 1990".

SEC. 2. EXTENSION OF AUTHORITY.

The Energy Policy and Conservation Act (42 U.S.C. 6201 et seq.) is amended—

(1) in section 104(b)(1) by striking out "September 15, 1990" and inserting in lieu thereof "September 30, 1994";

(2) in section 171, by striking out "September 15, 1990" each place it appears and inserting in lieu thereof "September 30, 1994"; and

(3) in section 281, by striking out "September 15, 1990" each place it appears and inserting in lieu thereof "September 30, 1994".

SEC. 3. SEVERE DOMESTIC ENERGY SUPPLY INTERRUPTIONS.

(a) DEFINITION.—Section 3(8)(C) of the Energy Policy and Conservation Act (42 U.S.C. 6202(8)(C)) is amended—

(1) by inserting "(i)" after "from" the first place it appears; and

(2) by striking out "or from" and inserting in lieu thereof: "(ii) an interruption in the supply of domestic petroleum products, or (iii)".

(b) DRAWDOWN.—Section 161 of such Act (42 U.S.C. 6241) is amended by adding at the end the following:

"(h)(1) If the President finds that—

"(A) a circumstance, other than those described in subsection (d), exists that constitutes, or is likely to become, a domestic energy supply shortage of significant scope or duration; and

"(B) action taken under this subsection would assist directly and significantly in preventing or reducing the adverse impact of such shortage,

then the Secretary may, subject to the limitations of paragraph (2), draw down and distribute the Strategic Petroleum Reserve.

"(2) In no case may the Reserve be drawn down under this subsection—

"(A) in excess of an aggregate of 30,000,000 barrels with respect to each such shortage;

"(B) for more than 60 days with respect to each such shortage;

"(C) if there are fewer than 500,000,000 barrels of petroleum product stored in the Reserve; or

"(D) below the level of an aggregate of 500,000,000 barrels of petroleum product stored in the Reserve.

"(3) During any period in which there is a drawdown and distribution of the Reserve in effect under this subsection, the Secretary shall transmit a monthly report to the Congress containing an account of the drawdown and distribution of petroleum products under this subsection and an assessment of its effect.

"(4) In no case may the drawdown under this subsection be extended beyond 60 days with respect to any domestic energy supply shortage.".

SEC. 4. ENLARGEMENT OF SPR TO ONE BILLION BARRELS.

(a) IN GENERAL.—Section 159 of the Energy Policy and Conservation Act (42 U.S.C. 6239) is amended by adding at the end the following new subsections:

"(i) No later than 18 months after the date of the enactment of the Energy Policy and Conservation Act Amendments of 1990, the Secretary shall transmit to the Committee on Energy and Natural Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives a report on the results of negotiations undertaken pursuant to part C. The report shall—

"(1) describe the terms of any contracts negotiated pursuant to part C and any cost savings that would result from such contracts relative to the costs of acquisition pursuant to part B; and

"(2) give all available information on any cost savings that would likely result from additional contracts that could be negotiated pursuant to part C for completion of the storage of one billion barrels of petroleum product in the Reserve relative to the costs of acquisition pursuant to part B.

"(j) No later than 24 months after the date of the enactment of the Energy Policy and Conservation Act Amendments of 1990, the Secretary shall amend the Strategic Petroleum Reserve Plan to prescribe plans for completion of storage of one billion barrels of petroleum product in the Reserve. Such amendment shall comply with the provisions of this section and shall detail the Secretary's plans for the design, construction, leasing or other acquisition, and fill of storage and related facilities of the Reserve to achieve such one billion barrels of storage. Such amendment shall not be subject to the congressional review procedures contained in section 551. In assessing alternatives in the development of such plans, the Secretary shall consider leasing privately owned storage facilities.".

(b) CONFORMING AMENDMENTS.—Section 160 of the Energy Policy and Conservation Act (42 U.S.C. 6240) is amended—

(1) in subsection (c)(3)—

(A) by striking out "fiscal years 1988 and 1989" and inserting in lieu thereof "fiscal year 1994"; and

(B) by striking out "at least 750,000,000" and inserting in lieu thereof "1,000,000,000"; and

(2) in subsection (d)(1), by inserting before the period at the end of subparagraph (B) the following: "and the Secretary has amended the Strategic Petroleum Reserve Plan as required by section 159(j)".

(c) FACILITIES.—Section 160(d)(1)(A) of such Act (42 U.S.C. 6240(b)(1)(A)) is amended by inserting after "within" the following: "Government owned facilities of".

SEC. 5. PREDRAWDOWN DIVERSION OF SPR OIL.

(a) IN GENERAL.—Section 160 of the Energy Policy and Conservation Act (42 U.S.C. 6240) is amended by adding at the end the folowing:

"(f) If the Secretary finds that a severe energy supply interruption may be imminent, the Secretary may suspend the acquisition of petroleum product for, and the injection of petroleum product into, the Reserve and may sell any petroleum product acquired for and in transit to, but not injected into, the Reserve.".

(b) CONFORMING AMENDMENTS.—(1) Section 167(b)(3) of such Act (42 U.S.C. 6247(b)(3)) is amended by inserting after "(g) of such section" the following: ", or from the sale of petroleum products under section 160(f)".

(2) Section 167(d) of such Act (42 U.S.C. 6247(d)) is amended by inserting after "(g) of such section" the following: ", and from the sale of petroleum products under section 160(f)".

(3) Section 160(d) of such Act (42 U.S.C. 6240(d)) is amended by adding at the end the following:

"(4) For any fiscal year in which purchases of petroleum products are suspended, or the sale of petroleum products is carried out, under subsection (f), the fill-rate requirements of paragraph (1)(B) shall be reduced by—

"(A) the amount of petroleum products are acquired for such fiscal year as a result of such suspension; plus

"(B) the amount of petroleum products sold under such subsection during such fiscal year.".

SEC. 6. LEASING AUTHORITY.

(a) IN GENERAL.—Title I of the Energy Policy and Conservation Act (42 U.S.C. 6211 et seq.) is amended—

(1) in section 152, by inserting "and part C" after "this part" in the material preceding paragraph (1);

(2) by redesignating part C as part D;

(3) by redesignating section 171 (after the amendment is made by section 2(2) of this Act) as section 181; and

(4) by adding the following new part after part B:

"PART C—AUTHORITY TO CONTRACT FOR PETROLEUM PRODUCT NOT OWNED BY THE UNITED STATES

"CONTRACTING FOR PETROLEUM PRODUCT AND FACILITIES

"SEC. 171. (a) IN GENERAL.—Subject to the other provisions of this part, the Secretary may contract—

"(1) for storage, in otherwise unused Strategic Petroleum Reserve facilities, of petroleum product not owned by the United States; and

"(2) for storage, in storage facilities other than those of the Reserve, of petroleum product either owned or not owned by the United States.

"(b) CONDITIONS.—(1) Petroleum product stored pursuant to such a contract shall, until the expiration, termination, or other conclusion of the contract, be a part of the Reserve and subject to the Secretary's authority under part B.

"(2) The Secretary may enter into a contract for storage of petroleum product under subsection (a) only if—

"(A) the Secretary determines (i) that entering into one or more contracts under such subsection would achieve benefits comparable to the acquisition of an equivalent amount of petroleum product, or an equivalent volume of storage capacity, for the Reserve under part B, and (ii) that, because of budgetary constraints, the acquisition of an equivalent amount of petroleum product or volume of storage space for the Reserve cannot be accomplished under part B; and

"(B) the Secretary notifies each House of the Congress of such determination and includes in such notification the same information required under section 154(e) with regard to storage and related facilities proposed to be included, or petroleum product proposed to be stored, in the Reserve.

"(3) A contract entered into under subsection (a) shall not limit the discretion of the

President or the Secretary to conduct a drawdown and distribution of the Reserve.

"(4) A contract entered into under subsection (a) shall include a provision that the obligation of the United States to make payments under the contract in any fiscal year is subject to the availability of appropriations.

"(c) CHARGE FOR STORAGE.—The Secretary may store petroleum product pursuant to a contract entered into under subsection (a)(1) with or without charge or may pay a fee for its storage.

"(d) DURATION.—Contracts entered into under subsection (a) may be of such duration as the Secretary considers necessary or appropriate.

"(e) BINDING ARBITRATION.—The Secretary may agree to binding arbitration of disputes under any contract entered into under subsection (a).

"IMPLEMENTATION

"SEC. 172. (a) AMENDMENT TO PLAN NOT REQUIRED.—An amendment of the Strategic Petroleum Reserve Plan is not required for any action taken under this part.

"(b) FILL RATE REQUIREMENT.—For purposes of section 160(d)(1), any petroleum product stored in the Reserve under this part that is removed from the Reserve at the expiration, termination, or other conclusion of the agreement shall be considered to be part of the Reserve until the beginning of the fiscal year following the fiscal year in which the petroleum product was removed.

"(c) LEGAL STATUS REGARDING OTHER LAW.—Petroleum product and facilities contracted for under this part have the same status as petroleum product and facilities owned by the United States for all purposes associated with the exercise of the laws of any State or political subdivision thereof.

"(d) RETURN OF PRODUCT.—At such time as the petroleum product contracted for under this part is withdrawn from the Reserve upon the expiration, termination, or other conclusion of the contract, such petroleum product (or the equivalent quantity of petroleum product withdrawn from the Reserve pursuant to the contract) shall be deemed, for purposes of determining the extent to which such product is thereafter subject to any Federal, State, or local law or regulation, not to have left the place where such petroleum product was located at the time it was originally committed to a contract under this part.

"CONTRACTS FOR WHICH NO IMPLEMENTING LEGISLATION IS NEEDED

"SEC. 173. (a) CONGRESSIONAL REVIEW.—In the case of contracts entered into under this part, and amendments to such contracts, for which no implementing legislation is needed, the Secretary shall transmit each such contract and each such amendment to the Committee on Appropriations and the Committee on Energy and Natural Resources of the Senate and to the Committee on Appropriations and the Committee on Energy and Commerce of the House of Representatives within 30 days after the signing thereof.

"(b) EFFECTIVE DATE.—(1) Any such contract, and any such amendment, shall not become effective until the end of the 30-day period of continuous session of Congress after the date of such transmittal, except that such contract may become effective without regard to such period if the President determines that such contract is required as a result of a severe energy supply interruption or by obligations of the United States under the international energy program.

"(2) For purposes of paragraph (1)—

"(A) continuity of session is broken only by an adjournment of Congress sine die; and

"(B) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the calendar-day period involved.

"CONTRACTS FOR WHICH IMPLEMENTING LEGISLATION IS NEEDED

"SEC. 174. (a) IN GENERAL.—(1) In the case of contracts entered into under this part, and amendments to such contracts, for which implementing legislation will be needed, the Secretary may transmit an implementing bill to both Houses of the Congress.

"(2) In the Senate, any such bill shall be considered in accordance with the provisions of this section.

"(3) For purposes of this section—

"(A) the term 'implementing bill' means a bill introduced in either House of Congress with respect to one or more contracts or amendments to contracts submitted to the House of Representatives and the Senate under this section and which contains—

"(i) a provision approving such contracts or amendments, or both; and

"(ii) legislative provisions that are necessary or appropriate for the implementation of such contracts or amendments, or both; and

"(B) the term 'implementing revenue bill' means an implementing bill which contains one or more revenue measures by reason of which it must originate in the House of Representatives.

"(b) CONSULATION.—The Secretary shall consult, at the earliest possible time and on a continuing basis, with each committee of the House and the Senate that has jurisdiction over all matters expected to be affected by legislation needed to implement any such contract.

"(c) EFFECTIVE DATE.—Each contract and each amendment to a contract for which an implementing bill is necessary may become effective only if—

"(1) the secretary, not less than 30 days before the day on which such contract is entered into, notifies the House of Representatives and the Senate of the intention to enter into such a contract and promptly thereafter publishes notices of such intention in the Federal Register;

"(2) after entering into the contract, the Secretary transmits a report to the House of Representatives and to the Senate containing a copy of the final text of such contract together with—

"(A) the implementing bill, and an explanation of how the implementing bill changes or affects existing law; and

"(B) a statement of the reasons why the contract serves the interests of the United States and why the implementing bill is required or appropriate to implement the contract; and

"(3) the implementing bill is enacted into law.

"(d) RULES OF THE SENATE.—Subsections (e) through (h) are enacted by the Congress—

"(1) as an exercise of the rulemaking power of the Senate, and as such they are deemed a part of the rules of the Senate but applicable only with respect to the procedure to be followed in the Senate in the case of implementing bills and implementing revenue bills described in subsection (a), and they supersede other rules only to the extent that they are inconsistent therewith; and

"(2) with full recognition of the constitutional right of the Senate to change the rules (so far as relating to the procedure of the Senate) at any time, in the same manner and to the same extent as in the case of any other rule of the Senate.

"(e) INTRODUCTION AND REFERRAL IN THE SENATE.—(1) On the day on which an implementing bill is transmitted to the Senate under this section, the implementing bill shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself or herself and the minority leader of the Senate, or by Members of the Senate designated by the majority leader and minority leader of the Senate.

"(2) If the Senate is not in session on the day on which such an agreement is submitted, the implementing bill shall be introduced in the Senate, as provided in the paragraph (1), on the first day thereafter on which the Senate is in session.

"(3) Such bills shall be referred by the presiding officer of the Senate to the appropriate committee, or, in the case of a bill containing provisions within the jurisdiction of two or more committees, jointly to such committees for consideration of those provisions within their respective jurisdictions.

"(f) CONSIDERATION OF AMENDMENTS TO IMPLEMENTING BILL PROHIBITED IN THE SENATE.—(1) No amendments to an implementing bill shall be in order in the Senate, and it shall not be in order in the Senate to consider an implementing bill that originated in the House if such bill passed the House containing any amendment to the introduced bill.

"(2) No motion to suspend the application of this subsection shall be in order in the Senate; nor shall it be in order in the Senate for the Presiding Officer to entertain a request to suspend the application of this subsection by unanimous consent.

"(g) DISCHARGE IN THE SENATE.—(1) Except as provided in paragraph (3), if the committee or committees of the Senate to which an implementing bill has been referred have not reported it at the close of the 30th day after its introduction, such committee or committees shall be automatically discharged from further consideration of the bill, and it shall be placed on the appropriate calendar.

"(2) A vote on final passage of the bill shall be taken in the Senate on or before the close of the 15th day after the bill is reported by the committee or committees to which it was referred or after such committee or committees have been discharged from further consideration of the bill.

"(3) The provisions of paragraphs (1) and (2) shall not apply in the Senate to an implementing revenue bill. An implementing revenue bill received from the House shall be, subject to subsection (f)(1), referred to the appropriate committee or committees of the Senate. If such committee or committees have not reported such bill at the close of the 15th day after its receipt by the Senate, such committee or committees shall be automatically discharged from further consideration of such bill and it shall be placed on the calendar. A vote on final passage of such bill shall be taken in the Senate on or before the close of the 15th day after such bill is reported by the committee or committees of the Senate to which it was referred, or after such committee or committees have been discharged from further consideration of such bill.

"(4) For purposes of this subsection, in computing a number of days in the Senate, there shall be excluded any day on which the Senate is not in session.

"(h) FLOOR CONSIDERATION IN THE SENATE.—(1) A motion in the Senate to proceed to the consideration of an implementing bill shall

be privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(2) Debate in the Senate on an implementing bill, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

"(3) Debate in the Senate on any debatable motion or appeal in connection with an implementing bill shall be limited to not more than one hour to be equally divided between, and controlled by, the mover and the manager of the bill, except that in the event the manager of the bill is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of an implementing bill, allot additional time to any Senator during the consideration of any debatable motion or appeal.

"(4) A motion in the Senate to further limit debate is not debatable. A motion to recommit an implementing bill is not in order.".

(b) CONFORMING AMENDMENTS.—The table of contents of the Energy Policy and Conservation Act is amended—

(1) by adding at the end of the items for title I the following items:

"PART C—AUTHORITY TO CONTRACT FOR PETROLEUM PRODUCT NOT OWNED BY THE UNITED STATES

"Sec. 171. Contracting for petroleum product and facilities.
"Sec. 172. Implementation.
"Sec. 173. Contracts for which no implementing legislation is needed.
"Sec. 174. Contracts for which implementing legislation is needed.";

(2) by redesignating part C in the items for title I as part D; and

(3) by redesignating the item for section 171 as the item for section 181.

SEC. 7. REFINED PETROLEUM PRODUCT RESERVE.

Section 160 of the Energy Policy and Conservation Act (42 U.S.C. 6240) is amended by adding at the end the following after the subsection added by section 5(a) of this Act:

"(g)(1) The Secretary shall conduct a test program of storage of refined petroleum products within the Reserve. The test program shall commence during fiscal year 1992 and continue through fiscal year 1994. The test program shall demonstrate mechanisms for storage of refined petroleum products within the Reserve which may be drawn down in accordance with this part.

"(2) The mechanisms demonstrated under paragraph (1)—

"(A) shall include the acquisition by lease or purchase, or both, of refined petroleum products for storage in the Reserve and shall include the acquisition by lease of storage facilities; and

"(B) may include other mechanisms including, but not limited to, industrial petroleum reserves pursuant to section 156 and State set-aside programs, except that such mechanisms must provide equivalent control over the drawdown and distribution of such refined petroleum products as is provided under this part.

"(3) Any refined petroleum products stored in the Reserve under this subsection shall be stored in locations to be determined by the Secretary, taking into account the proximity of existing distribution systems, the proximity of the area or areas of the United States most dependent on imported petroleum products or likely to experience shortages of refined petroleum products, and the capability for expeditious distribution to such area or areas.

"(4) In the conduct of the test program under paragraph (1), the Secretary shall increase the quantity of refined petroleum products acquired for storage in the Reserve by an amount equal to 10 percent of the fill of the Reserve during each of the fiscal years 1992, 1993, and 1994, except that the Secretary may not expend more than 10 percent of the funds appropriated for the acquisition, transportation and injection of petroleum products into the Reserve during each of the fiscal years covered by the test program.

"(5) In the conduct of the test program under paragraph (1), the Secretary may not construct or purchase facilities for the storage of refined petroleum products.

"(6) Refined petroleum products stored in the Reserve under the test program may be withdrawn from the Reserve before the conclusion of the test program—

"(A) as may be necessary to turn such products over because of changes in the physical characteristics of the product; or

"(B) on the basis of a finding made under section 161.

"(7) No later than January 31, 1994, the Secretary shall transmit to the Congress a report on the test program. The report shall evaluate the mechanisms demonstrated under the test program, other potential mechanisms, and the purchase of facilities. The report shall include an assessment of the costs and benefits of the various mechanisms. The report shall also make recommendations with regard to future storage of refined petroleum products and contain drafts of any legislative provisions which the Secretary wishes to recommend.".

SEC. 8. TEST DRAWDOWN.

Paragraph (1) of section 161(g) of the Energy Policy and Conservation Act (42 U.S.C. 6241(g)(1)) is amended to read as follows:

"(1) The Secretary shall conduct a continuing evaluation of the Distribution Plan. In the conduct of such evaluation, the Secretary is authorized to carry out test drawdown and distribution of crude oil from the Reserve. If any such test drawdown includes the sale or exchange of crude oil, then the aggregate quantity of crude oil withdrawn from the Reserve may not exceed 5,000,000 barrels during any such test drawdown or distribution.".

SEC. 9. EXEMPTION FROM INTERSTATE COMMERCE ACT.

Section 159 of the Energy Policy and Conservation Act (42 U.S.C. 6239), is amended by adding at the end the following new subsection after the subsection added by section 4(a) of this Act:

"(k) A storage or related facility of the Strategic Petroleum Reserve owned by or leased to the United States is not subject to the Interstate Commerce Act.".

SEC. 10. AUTHORITY TO ALLOW EXCHANGE OF SPR OIL.

Section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241) is amended by adding at the end the following new subsection after the subsection added by section 3(b) of this Act:

"(i) Notwithstanding any other law, the President may permit any petroleum products withdrawn from the Strategic Petroleum Reserve in accordance with this section to be sold and delivered for refining or exchange outside of the United States, in connection with an arrangement for the delivery of refined petroleum products to the United States.".

SEC. 11. DRAWDOWN PLAN AMENDMENTS DURING IMPLEMENTATION.

Section 159 of the Energy Policy and Conservation Act (42 U.S.C. 6239) is amended by inserting at the end of the section the following new subsection after the subsection added by section 9 of this Act:

"(1) Notwithstanding subsection (d), during any period in which the Distribution Plan is being implemented, the Secretary may amend the plan and promulgate rules, regulations, or orders to implement such amendments in accordance with section 523 of this Act, without regard to the requirements of section 553 of title 5, United States Code, and section 501 of the Department of Energy Organization Act (42 U.S.C. 7191). Such amendments shall be transmitted to the Congress together with a statement explaining the need for such amendments.".

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same.

JOHN D. DINGELL,
PHILIP R. SHARP,
EDWARD J. MARKEY,
TERRY L. BRUCE,
BILLY TAUZIN,
NORMAN F. LENT,
CARLOS J. MOORHEAD,
BILL DANNEMEYER,
Managers on the Part of the House.

J. BENNETT JOHNSTON,
WENDELL H. FORD,
JAMES A. MCCLURE,
PETE V. DOMENICI,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2088) to amend the Energy Policy and Conservation Act to extend the authority for titles I and II, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

SECTION 1—SHORT TITLE

This Act may be cited as the "Energy Policy and Conservation Act Amendments of 1990."

SECTION 2—EXTENSION OF AUTHORITY

Title I and Title II of the Energy Policy and Conservation Act are extended from their current expiration date of September 15, 1990 to September 30, 1994.

SECTION 3—SEVERE DOMESTIC ENERGY SUPPLY INTERRUPTIONS

The Conferees agreed to include new authority which allows the President to draw down the Reserve in response to specified shortages of domestic oil supplies.

SECTION 4—ENLARGEMENT OF THE SPR TO ONE BILLION BARRELS

The Conferees agreed to direct the Secretary of Energy to amend the Strategic Petroleum Reserve Plan to prescribe plans for completion of storage of one billion barrels of petroleum product in the Reserve.

SECTION 5—PREDRAWDOWN DIVERSION OF SPR OIL

The Conferees agreed to include provisions authorizing the Secretary of Energy, if the Secretary finds that a severe energy supply interruption may be imminent, to suspend acquisition of petroleum product for the SPR and sell oil already enroute.

SECTION 6—LEASING AUTHORITY

The Conferees agreed to include a new Part C of title I in EPCA that grants additional authority for the leasing of petroleum product and facilities for the Reserve.

SECTION 7—REFINED PETROLEUM PRODUCT RESERVE

The Conferees agreed to the establishment of a three-year program to test various mechanisms for storing refined petroleum products. The Conferees expect the Secretary of Energy to locate the refined petroleum product reserve in a manner which facilitates the expeditious and reliable distribution of refined petroleum products to those areas of the United States most dependent on imported petroleum product or likely to experience shortages of refined petroleum products.

SECTION 8—TEST DRAWDOWN

The Conferees agreed to give the Secretary of Energy authority to withdraw and sell crude oil from the Reserve as part of a test drawdown and sale. If the Secretary sells any oil, the quantity of oil sold under each test may not exceed 5 million barrels of oil.

SECTION 9—EXEMPTION FROM INTERSTATE COMMERCE ACT

The Conferees included a technical clarification to assure that SPR storage or related facilities owned or leased by the United States are not subject to the Interstate Commerce Act.

SECTION 10—AUTHORITY TO ALLOW EXCHANGE OF SPR OIL

The Conferees granted authority to the President to permit the export of SPR oil in exchange for refined petroleum products delivered to the United States.

SECTION 11—DRAWDOWN PLAN AMENDMENTS DURING IMPLEMENTATION

The Conferees included authority which permits the Secretary of Energy to expedite amendments to the SPR Distribution Plan if a severe energy supply interruption exists or is imminent.

JOHN D. DINGELL,
PHILIP R. SHARP,
EDWARD J. MARKEY,
TERRY L. BRUCE,
BILLY TAUZIN,
NORMAN F. LENT,
CARLOS J. MOORHEAD,
BILL DANNEMEYER,
Managers on the Part of the House.

J. BENNETT JOHNSTON,
WENDELL H. FORD,
JAMES A. MCCLURE,
PETE V. DOMENICI,
Managers on the Part of the Senate.

Mr. SHARP. Mr. Speaker, pursuant to the order of the House of yesterday, September 12, 1990, I call up the conference report on the Senate bill (S. 2088) to amend the Energy Policy and Conservation Act to extend the authority for titles I and II, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to order of the House of Wednesday, September 12, 1990, the conference report is considered as having been read.

The gentleman from Indiana [Mr. SHARP] will be recognized for 30 minutes and the gentleman from California [Mr. MOORHEAD] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Indiana [Mr. SHARP].

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

Mr. Speaker, the strategic petroleum reserve is frequently called our first line of defense in an energy crisis. The existence of nearly 600 million barrels of Government-owned oil, available to be used at the President's discretion to prevent economic harm, is a powerful deterrent against those who would try to use the oil weapon against the United States. It is also a deterrent against those who would hoard oil or speculate on price increases, hoping to make a killing if a crisis or threat of crisis is over the horizon.

The existence of the strategic petroleum reserve may have prevented a large oil price increase when the tanker war broke out between Iran and Iraq. Its existence may also have limited the price increase we are currently seeing.

Many of us have urged the President to announce its use in order to check the increases we have already felt, but there is no doubt that fear and speculation would have driven the price even higher if we had no reserve.

The conference report before us today extends until 1994 the Energy Policy and Conservation Act, the 1975 law that established the strategic petroleum reserve. We must act now, because the authority to use the stockpiled oil is due to expire on Saturday. It would be irresponsible to let this authority lapse during the recent tense situation in the Middle East.

Fortunately, the bill before us not only extends the authority for the SPR, it improves it in five major ways.

First, it increases the ultimate size of the reserve from 750 million to 1 billion barrels.

Second, it establishes for the first time a reserve of refined oil products, such as gasoline and heating oil.

Third, it allows the reserve to be used in difficult situations that do not quite justify the Presidential declaration of a "severe energy supply emergency," the requirement for drawing down the stockpiled oil under the current law.

Fourth, it allows the Government to lease, rather than purchase, the oil to be put in the reserve, potentially allowing us to fill it much faster and at much lower cost to the taxpayer.

Fifth, it allows the reserve to be tested with an actual sale of oil.

Let me briefly describe each of these improvements in a little more detail.

The billion-barrel size has been contemplated for the reserve from the beginning, but the current plan only calls for 750 million barrels, and the administration recently submitted an interagency study arguing that an expansion beyond that level was not cost effective. Incredibly, that study was based on an assessment that the risk of a crisis in the Middle East was so remote that the potential benefit from a larger reserve had to be steeply discounted.

Those assumptions were among the first victims when Saddam Hussein invaded Kuwait. A similar study of the value of the SPR would come to a different conclusion today.

Another important factor in considering the ultimate size of the reserve is the reluctance of some decisionmakers to use any of the oil at the beginning of a crisis, which most analysts recommend, because of the fear that the crisis will become larger and the reserve will run out. This thinking may have influenced the administration's refusal thus far to announce the use of the oil in recent weeks.

A larger reserve—a billion barrel reserve—will help to reduce such concerns in future crises.

The second major improvement in the SPR provided by this bill is the creation of a refined product reserve. As we have learned in recent years, the availability of refined products, near the areas of large demand and supply vulnerability, can be very useful in reducing the impact of a shortage of specific products. Following the *Exxon Valdez* accident, oil supplies were temporarily reduced on the west coast, and gasoline prices spiked. Much of this effect was due to speculation and fear of a future shortage, and had Prince William Sound remained closed to tanker traffic for a little longer, the impact would have been severe. In such circumstances, a reserve of gasoline readily available to the west coast would be extremely useful.

Last winter, the severe December cold snap in the Northeast and Midwest and a shortage of available tankers resulted in a temporary heating oil shortage and price spike, which spilled over into propane and spread into other regions. Although the cold snap ended quickly, it was a stark reminder

of how vulnerable the Northeast and Midwest are, and a heating oil reserve available to these regions will be very valuable insurance.

A third improvement in the law is the authority for the President to draw down the reserve in the event of a domestic supply shortage that does not meet the full-scale international emergency standard now required to justify a drawdown. The two examples mentioned above, even had they been more severe, would not have met the previous drawdown standard because neither was an international supply emergency.

The fourth improvement, the authority to lease oil, is critically important in these times of budgetary constraint. If an oil-exporting country or producer wishes to lease oil to the SPR, with full control resting with the U.S. Government, it can be very beneficial to this country. We may be able to fill the reserve much faster, increasing our insurance against the risk of another oil price shock, with a relatively small premium payment. Recent events may have enhanced the likelihood that a Middle Eastern government, for example, would offer us attractive terms to be able to store a portion of its oil, and therefore its wealth, in the United States.

Finally, a fifth improvement in the law, and one that can be very useful in the coming days, is authority for the Department of Energy to sell up to 5 million barrels of oil in a test of the reserve's drawdown capabilities. Although the reserve has been tested frequently and in various ways, there has only once been an actual sale and delivery of oil, and that was a small test done in 1985, when mandated by the Congress.

Given the possibility that the reserve will have to be used in the coming months, and given the fact that an elaborate test of the reserve is about to be undertaken without any actual sale, this authority gives the Department of Energy, if they decide to do so, the opportunity to make an actual sale during that test. This would, I hope, get any bugs out of the system and reassure the public of the reserve's workability.

Mr. Speaker, it is true that we do not have an adequate energy policy in this country. A decade of allowing our energy policy to be determined by market forces, which has meant OPEC, has left us with too little domestic production and too little conservation.

But thanks to the efforts of many Members of this body, we have filled the strategic petroleum reserve faster than the last two administrations have recommended. We have insisted that it be tested. And it is now a powerful weapon waiting to be used to protect our citizens from the economic ravages of an oil price shock.

Today we strengthen that weapon. We will make it more usable next week, and larger and more flexible in the years ahead. This is a good bill, and this is an important element of the energy policy we must put together in the months and years ahead. I urge my colleagues to support it.

□ 1600

Mr. Speaker, I want to compliment my colleague, the gentleman from California [Mr. MOORHEAD] and other Members on both sides of the aisle who have worked diligently and cooperatively. I believe we will find enormous support in both Chambers and on both sides of the aisle for the present problem.

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

Mr. SHARP. I yield to the gentleman from Texas.

Mr. BROOKS. Mr. Speaker, to my distinguished friend, the gentleman from Indiana [Mr. SHARP], I say that the gentleman is due a great tribute for his diligence in pursuing this issue. He worked hard on it, and he was farsighted. Establishing the strategic petroleum reserve, including the Big Hill Site in my congressional district, was a prudent and wise step. The gentleman was willing to take the heat, and I can remember when people said that it was foolish to "put the oil back in the ground."

I can hear those people making those arguments now, but they were wrong. The judgment that the gentleman had about this program has proved to be absolutely accurate now. Opponents of SPRO tried to terminate work on the Big Hill site twice. We had to get it reauthorized, restructured, started all over again. Now Big Hill is being filled, and it is serving the exact purpose the gentleman said it would. The Strategic Petroleum Reserve is a bulwark against increased prices, against pressure and threats from abroad, against speculation, and for our national interests. I want to commend the gentleman, and also to commend Republicans such as the gentleman from California [Mr. MOORHEAD], who stood with us in support of SPRO all the way.

Mr. SHARP. Mr. Speaker, I thank the gentleman for his kind remarks. Certainly he deserves considerable credit for his determination and work over the years to bring us to this point today.

Mr. SPEAKER. I yield such time as she may consume to the gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. Mr. Speaker, I rise in support of the conference report.

Mr. Speaker, I rise in strong support of the Energy Policy and Conservation Act Amendment of 1990. The strengthened powers given the Secretary of Energy in this bill would give him the needed flexibility to make the strategic petroleum reserves the stabilizing force they were intended to be.

In the week following the invasion of Kuwait by Iraq, gasoline prices at the pump shot up 10 to 20 cents on speculation that oil supplies would be interrupted. Home heating oil, which was in very low demand at the time, saw an increase of about 40 cents. The muscle provided by this bill would ease such speculatory hysteria. The additional powers to sell off incoming strategic petroleum reserves, thus lowering demand on oil markets during times of crisis, along with the prospect of actually using reserves, will aid in calming oil markets much like when the Federal Reserve takes action to calm monetary markets.

In a recent letter to President Bush, I called for immediate consultation with our allies to coordinate a policy on using strategic petroleum reserves to quell the runaway gas price increases resulting from the invasion of Kuwait by Iraq. A direct result of a hearing held before the House Banking Economic Stabilization Subcommittee which I chair, the letter also emphasized the importance that the President develop a feasible national energy policy as soon as possible. This national energy policy, of which the strategic petroleum reserves would likely be a key provision, would help avoid problems that result from action such as the crisis in Kuwait and the subsequent erratic behavior of world oil markets.

The additional authority given to the Secretary of Energy in this bill to contract for specific amounts of refined products and to acquire storage facilities in regions of the country that may be adversely affected by interruptions in oil supplies are practical solutions to real problems that may result from energy supply interruptions. These are proactive steps that can be taken now to insure that future conflicts will not result in price gouging and baseless fluctuations. Had this and the previous administration had a national energy policy in place before the current situation as authorized by the Energy Department Organization Act of 1977, it is quite likely that many of the problems we now face in the Persian Gulf crisis could have been avoided.

I congratulate the gentleman from Indiana [Mr. SHARP], and the conferees for their work on this bill. The strategic petroleum reserves is an ace up our sleeves but only if we have a rational plan and a willingness to use it. I urge the support of this important legislation.

Mr. BRUCE. Mr. Speaker, adopting the strategic petroleum reserve conference report is essential to protecting the Nation's domestic energy security. Since 1975, when the reserve was authorized in response to the 1973–74 Arab oil embargo, the Nation has filled Louisiana and Texas salt caverns with 590 million barrels of crude oil.

But more must be done for energy security.

In addition to the need to expand the Nation's reserves closer to the 1 billion mark by early in the next century, this agreement addresses problems with refinery shutdowns which threaten our future energy security. The drop in U.S. refinery capacity makes it necessary for Congress to require the Department of Energy to maintain reserves of refined products, such as gasoline and heating oil.

The Strategic Reserve Program is also improved in this legislation by ensuring that domestic supply shortages, which may be caused by pipeline breaks or exceedingly cold winters, could also trigger the release of the reserve. By maintaining a refined product reserve which includes home heating oil, this Nation will be in a better position to deal with dramatic weather disruptions which threaten the lives of our citizens. Last December's cold, had it continued into January and February, would have been disastrous in many parts of the United States.

Finally, I want to urge the President to release strategic reserve crude later this month when the last of Iraqi and Kuwaiti crude en route during the invasion is delivered. The 2- to 6-week period in which the full effect of lost Kuwaiti and Iraqi crude will be felt—before increased production in Saudi Arabia and other areas comes on line—will provide a critical test of America's ability to respond to energy supply disruptions. Without the release of reserve oil, the price shocks of October could be worse than those of August. There is no reason to extend the economic trauma of the Persian Gulf crisis when crude oil supplies are plentiful in the reserve, and the international situation we have spent 15 years preparing to handle has forced us into needing this crude.

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

Mr. Speaker, I rise in support of the conference report on S. 2088, the Energy Policy and Conservation Act amendments of 1990.

The most important provision of this legislation is an extension of title I and title II of the Energy Policy and Conservation Act from September 15, 1990—this Saturday—to September 30, 1994. The importance of this extension is self-evident.

Title I provides for the fill and the basis for drawing down the strategic petroleum reserve. In light of the current situation in the Middle East and the impact of these events on energy markets, our energy insurance policy is that unlike the energy shortages of the 1970's, we now have almost 600 million barrels of crude oil in storage on the gulf coast.

Title II is important because it allows for the participation of the United States and its energy industry in the International Energy Agency. The IEA is the forum through which the United States works with its fellow oil consuming countries to coordinate a response to the world oil situation.

The other important change in current law made by this legislation is that the Secretary of Energy is to make plans for the eventual storage of 1 billion barrels of crude oil or refined product in the reserve.

The existing law contains a goal of a 1 billion barrel reserve, but the law only directs the Secretary to make plans for storing 750 million barrels. The last facility necessary to store 750 million barrels will be completed next year. While at projected fill rates it will likely take until the late 1990's to fill the reserve to 750 million barrels, the Department of Energy should begin making plans in the next few years if we are to be ready to fill to 1 billion barrels later.

Another feature of the bill I want to emphasize is its provisions allowing the Department of Energy to lease petroleum product and facilities as cost-saving ways in which to acquire more crude oil and product with less of a drain on the Federal Treasury.

Current events vindicate those of us who have long supported the strategic petroleum reserve. I urge the House to give its support to this conference report.

Before closing, I want to commend my fellow Republican conferees—Mr. LENT and Mr. DANNEMEYER—and the conferees from the other side of the aisle—Mr. DINGELL, Mr. SHARP, Mr. MARKEY, Mr. TAUZIN, and Mr. BRUCE—for their assistance and cooperation in the work which produced this timely conference report for the consideration of the House today.

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

□ 1610

Mr. SHARP. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Arkansas [Mr. ALEXANDER].

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

Mr. Speaker, I want to compliment the distinguished chairman of the Subcommittee on Energy and Power, the gentleman from Indiana [Mr. SHARP] for his fine work on the bill and for his leadership in the energy field. He has indeed distinguished himself in the area of energy and has been a tremendous help to our country. Back 10 years ago when we were not getting much leadership from other sources in our Government, the gentleman from Indiana was providing it, and I am here today to compliment the gentleman for his fine leadership, and the gentleman from California as well. Both have contributed substantially to the formulation of a national energy policy about which we are all hopeful.

Of course, I stand up today to support this bill, but I would like to add one other comment. We need conservation. The President stood here just the other night and said we must have conservation. There is an area of conservation within our midst should we seize it that is available to us in a dramatic way to reduce our dependency on foreign oil and at the same time to clean up the environment, and that is the requirement within the clean air bill that requires the use of oxygen in automotive fuels and transportation fuels. The mandate which we hope to come from the conference report of at least a 2.7-percent content of oxygen by weight is equal to about 10 percent by volume.

Now, should we require oxygen in all automotive fuels, that lessens our dependence on foreign oil by that amount; that is to say if you require 10 percent by volume of oxygen in 100 billion gallons of automotive fuels consumed in the United States annually, you need 10 billion gallons less of foreign oil.

If it very easy for us in this country to supply oxygen for our fuel because it comes from many products that are in abundance in this country, like compressed natural gas, like ethanol or methanol and liquified petroleum. There are many abundantly supplied products in America that we do not have to import from Saudi Arabia that supply oxygen for our automotive fuels. If we in this House insist upon an oxygen content in the Clean Air Act, not only does it clean up the fuels, because the more oxygen you have, the less hydrocarbons in emissions and the less carbon monoxide you have, the less dependence on foreign oil.

I would like to see the House insist on an oxygen content of twice the amount that is in the clean air bill, and hopefully someday we can address that subject and debate it, but for now I think we are talking about 2.7 percent by weight, which is equal to about 10 percent by volume.

Mr. SHARP. Mr. Speaker, I yield myself 1 minute.

Mr. Chairman, I want to indicate on the important subject that the gentleman has raised that we can develop alternative motor fuels in this country. The gentleman from Arkansas has been working on this for many, many years. The gentleman from Arkansas has worked very closely with us since 1988, when we passed the alternative motor fuels legislation, and I am very pleased to indicate that today the Department of Energy announced that the U.S. Government will be purchasing its first vehicles that can operate on neat, or total ethanol or methanol and can switch back and forth, flexible fuel cars. This is one of the things we have been pushing for many years, but finally we are going to see at least a small improvement, and this is critical to our future.

Mr. ALEXANDER. Mr. Speaker, will the gentleman yield just for one further statement?

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

Mr. ALEXANDER. Mr. Speaker, I neglected to mention that I am a member, I am speaking today as a member of the U.S. Alternative Fuels Council. I am the Democratic representative to that council. It is a new council. It has not yet been exposed to the membership, but we have the availability of the fuels here in the

United States, alternative fuels, if the Congress should adopt the legislation and create the policy to make us less dependent on foreign oil.

Mr. MOORHEAD. Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. LENT], the ranking member of the Committee on Energy and Commerce.

Mr. LENT. Mr. Speaker, I rise in strong support of this conference report on S. 2088, the Energy Policy and Conservation Act Amendments of 1990. It is imperative that we get this legislation to the President for his signature by Saturday because current law expires at that time. Many of us have recommended that this authority be used to commence a modest drawdown of the reserve in coordination with other Government stocks.

By extending titles I and II of EPCA through September 30, 1994, with amendments, we will have a sound policy in place for the fill and use of the strategic petroleum reserve as events in the Middle East and in world oil markets continue to unfold.

From my perspective and that of the Long Island area I represent, the most important change in current law made by S. 2088 as recommended by those of us who served on the conference committee—is the section on refined petroleum products.

Current law authorizes storage of crude oil, refined products, or both. However, only crude oil is now stored in the reserve. This may have been understandable in the past on the basis that we cannot predict in advance what type of refine products might be needed.

Nonetheless, we learned last winter in the Northeast and again in the current energy environment that our major problem is low inventories of refined product and over-stretched U.S. refinery capacity. Thus, a barrel of refined product is more valuable to energy security than more crude oil in the reserve.

The compromise in the conference report on future storage of refined product is just that—a compromise. Unfortunately, some Members of the other body are not as sympathetic to our concerns as we might otherwise hope.

Under the conference report version of S. 2088, the Department of Energy will conduct a 3-year test program on mechanisms to store refined product under the control of the reserve. These mechanisms must include storing 10 percent of the volumes acquired in the 3-years for the reserve as refined product, subject to a funding cap. I expect and I hope that this will be heating oil in the Northeast. That is a product we are very much concerned about. The Department will also examine and may implement State set-asides and industrial reserves.

In conclusion, Mr. Speaker, I want to commend my colleagues on the conference, Chairman, DINGELL, Chairman SHARP, and gentleman from California [Mr. MOORHEAD], and the committee staff for their work on this important bill, and I strongly urge adoption of the conference report.

Mr. SHARP. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Michigan [Mr. DINGELL], the chairman of the full committee.

Mr. DINGELL. Mr. Speaker, I rise in strong support of this legislation. Events in the Middle East have shown us that the strategic petroleum reserve is a very important tool in easing our dependence on imports of petroleum products and petroleum from the Middle East in times of crisis, and that is the most economically, politically, and militarily dangerous area in the world today.

Had we filled the strategic petroleum reserve at the rate many of us proposed in earlier times when prices were low, we would now be much better protected than we are. We would be protected, in fact, not only against terrific spikes in oil prices, but also we would be better protected with regard to potential future supply.

□ 1620

However, previous and current administrations did not want to spend the money.

This is oil that has gone under the bridge.

We do have, however, before us an opportunity to enhance our energy security for the future by passing this conference report.

I urge my colleagues to do so. The bill would expand the strategic petroleum reserve to 1 billion barrels from its current 750 million barrels.

It will also, for the first time, create a reserve of refined petroleum products such as heating oil and gasoline.

I bring to my colleagues' attention the fact that we are now short in a very serious way of refining capacity. Our refineries are functioning at about 96 percent of capacity, and that is a level just below the danger level.

So we do need a product reserve, to help us ease the stress upon product supply during the time that we arrange to commence to use that strategic petroleum reserve.

Certainly those who are going to be dependent on heating oil are facing a long, expensive winter, one made worse by the fact that we do not have such a reserve in hand.

Every one of us has heard from our people about the substantial and the sudden spike in the price of gas. The harsh fact is that even if we were drawing from the existing reserve today, we would be hard-pressed to turn it into usable product. Indeed we would begin drawing, if we drew it today, too late to have prevented about a 50-percent increase in the price of crude oil.

Some of the crude that is now in our supply system is of low quality, and our refining capacity is stretched, as I indicated, to the limit.

This bill will protect the United States in the future. More is going to need to be done. As events go forward, the Committee on Energy and Commerce will be going into its responsibilities in this area to see what it is that we should be doing to assure not only supply but intelligent and sensible and bearable pricing without the destructive effects and the inflationary impacts of expensive price spikes.

Mr. Speaker, I commend the distinguished gentleman from Indiana [Mr. SHARP], the distinguished gentleman from California [Mr. MOORHEAD], and the distinguished gentleman from New York [Mr. LENT] for the fine work they have done on this legislation.

The SPEAKER pro tempore (Mr. MAZZOLI). The gentleman from California [Mr. MOORHEAD] has 24 minutes remaining.

Mr. MOORHEAD. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from California [Mr. DANNEMEYER], who recently represented the minority on the trip to Saudi Arabia to explore the situation over there.

Mr. DANNEMEYER. I thank my colleague from California [Mr. MOORHEAD] for yielding me this time.

Mr. Speaker, I rise in support of this conference committee report. I think we should note that just prior to the invasion of Kuwait by Iraq, that the world witnessed the daily production of about 63 million barrels of oil per day. The quantity that came from Iraq and Kuwait, now denied to the world market, was about 2.8 million in the case of Iraq and about 1.86 million in the case of Kuwait.

That means that the world supply is now experiencing a shortage of about 4.4 million barrels per day.

If we Americans wonder how it comes to be that the price has gone up roughly from $20 a barrel up to, at times, $30 a barrel, this is the reason.

There is a law of supply and demand. We in Congress may try to repeal it or alter it, but the market system establishes it very eloquently.

So what are we going to do? It is my hope that the President will exercise his discretion under this legislation, in coordination with our allies, to draw down the strategic petroleum reserve at this time so as to replace to the market what is now deprived to it by not getting the production from Iraq and Kuwait, such amount as is necessary to drive the price down to $20 a barrel or thereabouts.

This is part of the goal why we are in the Middle East to begin with, to stabilize the price of oil, so that we do

not experience having our economy go into the tank because of having to digest the increased cost of oil through our entire economic system.

I would also like to take this time to talk a little bit about how the cost of this operation should be equitably shared.

We should recognize that two of the countries in the gulf, specifically Saudi Arabia and the United Arab Emirates, are benefiting in a very direct way by this increase in the price of oil. For instance, Sauda Arabia produces about 5.2 million barrels a day and the United Arab Emirates about 2 million barrels a day. Together those two countries produce a little over 7.2 million barrels a day.

It does not take a great deal of calculation to realize that as a result of this crisis, these two countries are experiencing increased income from the same quantity of oil of about $72 million a day—based on $10 per barrel increase above the $20 price prevailing before the invasion.

Now, this quantity of money is more than adequate, depending on what estimate you choose to believe, to pay for the cost of what our American involvement in the Middle East is now experiencing.

I want to commend Secretary Baker for the job that he has done, along with President Bush, in convincing nations of the world, specifically in the Middle East, specifically Saudi Arabia, to recognize they have an obligation to pay for the cost of this.

It is in America's national interest to be there because it is not in our national interest to have Saddam Hussein in charge of 45 percent of the world's oil reserves.

I accept that as an American citizen, as a Member of Congress. But it is also, I think, obvious or should be obvious to the leaders of Saudi Arabia and the United Arab Emirates that the experienced taxpayer is not going to sit still one day for the idea we are going to pay for this cost to preserve their ability to get the increased revenues from this resource that the world needs.

So I think it incumbent upon Secretary Baker and President Bush and his team and leaders in this country to develop a consensus whereby the cost of this incident in the Middle East can be paid by those nations in that region who have benefited by this increase.

Lastly, let me comment for just a moment on the energy alternatives that many of us in this body have been struggling to produce legislatively.

I am talking about reform of the nuclear regulatory system so we can get rid of the second redundant adjudicatory hearing. A bill to do that is pending in the Rules Committee. It has been pending there for over a year.

Why we have not brought it to the floor I am not sure. But it is a mistake, it is an error in judgment that we have not done so. Nuclear power is one of the options we should pursue.

We have a field in northeastern Alaska called ANWR. Nobody knows what is there. The estimates are 10 billion barrels, more or less. Take your pick.

We cannot even drill it because Congress has tied it up. Off of my coast of California we have three fields containing 3 billion to 5 billion barrels of oil. We cannot drill in those known fields because they are tied up.

I think we should focus for just a moment on the political force that has produced this debacle in energy-dependent status in this country, and specifically it is the environmental party.

There may be some in this Chamber who believe that the Democratic Party and the Republican Party are the majority parties in America. If you believe that, forget it; it is not true.

The contributing base of the combined National Democratic and National Republican Parties in America totals about 2.4 million people. Annually, this contributing base contributes about $93 million a year to influence all political action in America.

The contributing base of the environmental party consists of a little less than 13 million people, and this contributing base believes in their cause enough that they put up $335 million a year, focusing their attention on environmental issues.

The two national parties, $93 million; the environmental party $335 million. The contributing base 2.4 million and 13 million.

We Americans must come to understand that the energy policy of this Nation is now being held hostage by the environmental extremists, the environmental party of America, that has stopped nuclear reform in America, that has stopped the development of the field in Alaska, ANWR, and it has stopped expansion of offshore drilling and has also produced for us the Endangered Species Act of America adopted in 1973, that has produced the ridiculous position that we are now concerned more with Stephens kangaroo rats, with spotted owls and caribou herds and gnat chasers than we are with human beings.

□ 1630

What kind of a society have we become where we are tenderly watching a caribou herd grazing in Alaska at a time when we are having the men and women in this Nation in the armed services risking their lives in the sands of the Middle East? What kind of a selfish political movement would produce such an absurdity?

I say to my colleagues, "It's the environmental party. They have got a lock on this Congress. Unfortunately they have got a ring through the nose of the Congress of the United States. Nothing is going to happen outside of conservation, which they support, in developing energy options to remove the dependence of this Nation on outside energy just so we can survive."

Mr. Speaker, the only way we are going to move these energy options which I have been talking about is for the American public to, I believe, rise up in indignation and say to Members of Congress, "Cut out letting the environmental tail wag the energy dog of America."

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

Mr. DANNEMEYER. I yield to the gentleman from New York.

Mr. LENT. Mr. Speaker, I would just like to commend the gentleman from California [Mr. DANNEMEYER] for his statement and also for the work that he does on the Committee on Energy and Commerce.

I would just like to add one footnote to the gentleman. I am sure he knows this, but he mentioned the caribou in the same breath as he mentioned the oil coming down from Prudhoe Bay and the North Slope. He did not mean to suggest that the caribou have been at all injured by the development of oil in the North Slope; did he, because the fact is, for those of us who have the privilege of going up there, one of the problems they have on the North Slope, Prudhoe Bay, along the oil line there that goes down to Valdez, is the caribou population has tripled since Prudhoe Bay was developed. I did not know whether the gentleman from California [Mr. DANNEMEYER] knew that.

Mr. DANNEMEYER. Yes.

Mr. LENT. But there really has been a remarkable upsurge in the population of caribou, and, contrary to what the environmentalists said at the time they were trying so hard to stop the development of that pipeline which gives us one in every five barrels that are used in the United States today; they told us that this pipeline and its development was going to hurt the caribou. We have now tripled the herds of caribou in Alaska since that pipeline has gone through.

Mr. Speaker, it is a small point. I just wanted to make it because I thought the gentleman from California [Mr. DANNEMEYER] might enjoy hearing it.

Mr. DANNEMEYER. Mr. Speaker, I am glad the gentleman from New York [Mr. LENT] mentioned that because I heard the view expressed by some in the environment party in America that we cannot build another pipeline because it would increase the caribou herd and pose a possibility that the grazing capacity would be exceeded by the caribou that would grow

in numbers to exceed what can be accommodated. And so it goes, and my reason for mentioning this today is just that, hopefully, we Members of Congress will recognize that when we send our men and women in our military service to fight on the sands of the Middle East and put their lives on the line, just maybe, just maybe, those caribou in Alaska should be subordinated to the lives of our men and women.

I would also like to read with this comment:

As a Californian, I would rather explain to parents residing on the coast of California why there is an oil platform off of our coast than I would explain to those parents why we need to take their son or daughter into the military service of this Nation and go to the Middle East to defend the resources that some of us unfortunately in this country do not have the courage to develop on our own.

The recent invasion of Kuwait by Iraq's Saddam Hussein raises many questions for United States public policymakers concerning our interests abroad. America finds itself in a few conflicting patterns of behavior. On the one hand, many liberal pundits demanding an emasculation of our national defenses in the wake of changes in Eastern Europe are now struck with the reality that the cold war is not over, it has simply moved to the Third World.

On the other hand, these same creators of conventional wisdom are having to rethink our commitment to energy independence as they face the reality of an increasingly unstable Middle East as juxtaposed to risking the lives of young Americans defending Japanese and Western European oil flowing from the Persian Gulf.

The greatest enemy for the United States has always been the enemy from within—those who would sacrifice American independence on the altar of global interdependence. No foreign enemy could threaten our national security more than we have done to ourselves by keeping us mostly dependent on foreign sources of energy.

The enemy I speak of in this case is a group of powerful special interests I refer to as the Environmental Party. I describe them as a political party because of the massive monetary and grassroots resources they have managed to tap across this country.

For instance, six political organizations comprise the base of our two party political system. Three organizations are controlled by Democrats: Democratic National Committee [DNC], Democratic Congressional Campaign Committee [DCCC], and the Democratic Senatorial Campaign Committee [DSCC]. Three of the six organizations are controlled by Republicans: Republican National Committee [RNC], National Republican Congressional Committee [NRCC], and the Republican Senatorial Committee [RSC].

Data from the Federal Elections Commission [FEC] reveal that the Republican organizations took in contributions of $71.1 million in calendar year 1989. Democrat organizations took in $18.6 million in the same year. The donor base for Republicans is 1,881,260, while the donor base for Democrats is not available—but, if we extrapolate, the Democrats could have a donor base of about 489,128.

All told, both parties took in $89.7 million and have an approximate donor base of 2,370,388. Now consider the Environmental Party.

Twelve organizations comprise the base of support for the Environmental Party: Center for Marine Conservation, Clean Water Action Project, Environmental Defense Fund, Greenpeace, USA, National Audubon Society, National Wildlife Federation, Natural Resources Defense Council, The Nature Conservancy, Public Interest Research Group, Sierra Club, The Wilderness Society, and World Wildlife Fund.

All told, the Environmental Party has an operating budget of $336.3 million—1988—and has a donor base of 12,959,000. That's nearly $250 million more than the Republican and Democrat Parties combined and a donor base some 10 million persons more.

The Environmental Party is an awesome new dimension in American politics. They are a much bigger security threat than Saddam Hussein could ever hope to be. The Environmental Party's path of destruction has come in four general areas: Nuclear power, offshore oil drilling, the Arctic National Wildlife Refuge [ANWR], and the Endangered Species Act.

NUCLEAR POWER

The average time it takes to build a nuclear powerplant in the United States is 14 years. The average cost is $3 billion. France, which receives 70 percent of its energy from nuclear power, can build a plant in just under 5 years and at a cost $1 billion. Less than half the time and a third of the cost as the United States. What is the difference?

The difference is the Environmental Party. Countries such as France and Japan have a one-step licensing process for all proposed nuclear plants. The United States has a two-step process thanks to the Environmental Party. Their thinking is that the longer they can successfully draw out the construction process, the more cost prohibitive the project will become. And they are right. By driving up the costs of nuclear power, oil and coal are given a market advantage.

On June 15, 1989 I offered an amendment to a nuclear licensing reauthorization bill in the Energy and Power Subcommittee. The amendment created a one-step process. It was approved 13 to 10, four Democrats joined with me. The same measure lost in full committee by a vote of 20 to 22. I added a Democrat, but lost two from the subcommittee—Representatives BRUCE and RICHARDSON. These losses were a direct result of lobbying from the Environmental Party.

The newly passed Clean Air Act contains a provision to develop clean coal technology, but the costs to develop it will not keep coal competitive with oil and gas prices. What will consumers do—not to mention coal miners—when the market forces Americans to rely even more on foreign imported oil? The United States depends on these imports for half of our total consumption. Are we ready to rely solely on oil and gas given the Environmental Party's success at pricing nuclear and coal sources out of the market?

OFFSHORE OIL

One of the greatest ironies manifest by the Environmental Party is their zealous concern for oil shipped by tankers combined with their adamancy against offshore oil. Almost every last drop of imported oil comes to us by tankers like the *Exxon Valdez*, and yet the Environmental Party refuses to promote safe and ecologically sound offshore oil expansion as a matter of environmental policy.

The Bush administration's moratorium on the sale of offshore leases affects way over a trillion cubic feet of natural gas and up to a billion barrels of oil. This moratorium is thanks to the Environmental Party.

The current estimate of undiscovered oil reserves beneath the Federal Outer Continental Shelf [OCS] is about 18 billion barrels of oil and 145 trillion cubic feet of natural gas, or approximately one-third of all the recoverable oil and gas remaining to be discovered in the United States.

I would much rather explain to a parent why we have offshore drilling expanding off our coasts than I would to explain why we sent their child to a foreign land to defend oil largely consumed by Japan and Western Europe.

The Environmental Party would rather have us send our kids to be killed defending oil shipped by tankers which they view as an environmental threat. Figure that out?

ARCTIC NATIONAL WILDLIFE RESERVE

The Arctic National Wildlife Refuge is comprised of almost 19 million acres in northeast Alaska. A 1.5-million-acre tract known as the Coastal Plain, less than 1 percent of the total area of ANWR, is where substantial oil and gas reserves are located. Geological surveys and seismic exploration of ANWR indicate that the area contains between 4.8 and 29.5 billion barrels of oil and 31.1 trillion cubic feet of natural gas.

The Environmental Party wants this acreage locked up from energy development and, so far, they have been successful.

THE ENDANGERED SPECIES ACT OF 1973

The year 1973 was a watershed year. Congress voted to adopt a policy that would effectively protect a number of wildlife under the provisions of the Endangered Species Act and, in that same year, the Supreme Court issued the Roe versus Wade decision allowing men and women to kill the unborn.

We have become a society, moved greatly by the Environmental Party, that worships the creation more than the Creator. The Environmental Party says that it is okay to slaughter 1½ million unborn humans every year, but that it is not tolerable to kill one fish or critter.

We have seen what the snaildarter can do to public policy. Now we will witness what the Stevens kangaroo rat, the spotted owl, the gnatcatcher bird, and the least belles vireo will do.

Consider the economic impact of providing an exclusive home for the gnatcatcher. A minimum of 15,000 acres in San Diego, Orange, Riverside Counties will be sequestered from all current uses. Thousands of housing starts in Orange County alone would be lost in the next 2 years, with devastating effects on affordable housing and related business.

Seventy miles of road, toll booths, and interchanges, which were to have been built over

the next decade would be sacrificed. The 200,000 vehicular trips per day projected for these roads would be diverted to existing roads. The message from the Environmental Party is clear: grow wings and you will be secured a domicile for life.

Somewhere in the neighborhood of 10 to 15,000 jobs will be lost because of another feathered friend, the spotted owl. The timber industry in the Pacific Northwest is being asked to set aside acreage to allow this owl an unfettered livelihood. I have to wonder when the tab for these set-asides will exceed the value of the land?

The Endangered Species Act is up for reauthorization in 1992 and I plan to offer an amendment to say that if Americans must be forced to set aside lands for innumerable animals, then the land should be one geographic location, a sanctuary for all of these animals to congregate, rather than provide numerous places dotting the landscape and disrupting the economy. The Environmental Party will, no doubt, oppose this plan but, then again, they will also oppose my alternative plan to place humans on the endangered species list.

The Environmental Party is the enemy from within. Saddam Hussein is a marginal threat to the United States compared to the Environmental Party. We are being held hostage by extremists. They leave no room to negotiate. It is time for Americans to rise up and regain their national security. We should demand energy independence. To do so will save the lives of young Americans fighting for causes for which they have little interest.

Mr. SHARP. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Oklahoma [Mr. SYNAR].

Mr. SYNAR. Mr. Speaker, I rise in support of this legislation, and, first, I want to commend those people who worked so hard on it, including our chairman, the gentleman from Indiana [Mr. SHARP], the gentleman from Michigan [Mr. DINGELL], the gentleman from California [Mr. MOORHEAD], and others.

I think that, as all the Members who preceded me have said, this is one small step that this Nation can take, and should take, and is in timely fashion taking today, to respond to what was a missed opportunity in the 1980's to establish a long-term energy strategy for this country. But today we are sending the message out that in a multistrategy front, one of the things that we will be doing is to continue to build a buffer for this Nation for the types of things that we are now facing in the Middle East. This legislation goes a long way to build that buffer. I support it, and I commend my colleagues to it.

Mr. SHARP, Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Louisiana [Mr. TAUZIN].

Mr. TAUZIN. Mr. Speaker, I thank the chairman of our subcommittee, the gentleman from Indiana [Mr. SHARP] for the important work he has done and continues to do as we struggle to find an energy policy for America, and the gentleman from California [Mr. MOORHEAD] for the great efforts of the minority for bringing forth a bill which I think improves dramatically the the strategic petroleum reserves for our country.

As my colleagues know, those of us in Louisiana and Texas have closely associated with the SPR because it is located within our boundaries. The SPR is an important asset for America, and completing work on this bill is an important step, and I think the President has called for us, the other night, to begin work on building a real and rational plan for our country.

The bill advances that effort in three very important aspects, I believe. One is that it does finally mandate and authorize the full billion barrel reserve. As my colleagues know, we are authorized to 750 million barrels. We only had about 590 million barrels in reserve when the Congress intended initially to go to a full billion. We ought to be there already. At least this bill will take us, I hope, the rest of the way, as soon as we can, in fact, to find oil supplies to fill that reserve.

I have suggested ways we could do that: of course, by encouraging here in America domestic drilling incentives, and we ought to look at that in terms of our own energy protections, and, hopefully, as part of our energy strategy, we will get to that point.

Second, Mr. Speaker, the bill advances the idea of the strategic petroleum reserve at a lease cost option. The bill advances the proposition of leasing space or leasing oil, not necessarily duplicating facilities that already exist.

In Louisana, for example, the loop, the offshore oil facilities, currently has storage capacity of Corvelli Dome, currently fills and draws down that capacity and pumps it into the cap line system for the refineries of America every day. Leasing additional space for America's security would make sense. The bill makes provision for that, and for that I compliment the chairman and the minority who have worked so hard on the bill.

Finally, the bill sets up something that I think is critically important. That is the possibility of refined product reserves, and this has been something the chairman has been pushing for a long time, an idea whose time has come.

When my colleagues look at America's dependence on foreign products, they will see that a larger and larger share of the imported fuel to America is already refined, and, if my colleagues think America was in trouble in the 1970's, when we got cut off in terms of our crude supply, think what happen if we got cut off in terms of those refined products that are imported into America.

Our refining capacity is down, dramatically down, and we are in trouble in that regard. Those imported refined products are critical to us. Without refineries at home, without the import of those crude oil refined products, America could be in desperate shape today and could well be in the future. A refined products reserve is a critical part of this new bill that we hopefully will authorize today.

Mr. Chairman and members of the committee, this bill, as it finally is drawn, in fact advances our SPR dramatically. It is just one step, and it is time, as the President has said, for us to come to grips with the notion that America cannot endure a policy on energy that is, in fact, vacant, a policy that allows cheap foreign oil to come into this country in a flood, as it has, to the point where we become so dependent on it that the life blood of our children is now on the line in defense of somebody else's energy supplies.

If my colleagues have any doubt about America's capacity, let me assure them we have five times in shale oil what all the Arab nations have put together in crude oil. We have in Louisiana 100,000 trillion cubic feet of natural gas compressed in salt reservoirs underlying Texas and Louisiana, and we have 400 years of coal in America. We have vast supplies of energy. What we lack is a policy to bring it forward for America. What we lack is the incentive and the initiative to make ourselves energy independent.

Mr. Speaker, maybe this crisis will make us think again, and I say to the gentleman from California [Mr. DANNEMEYER], "Maybe it will focus this Nation, this Congress, on the need to be self-sufficient. This SPR program is but one element, one safety net, but we ought to get busy building a platform upon which this Nation's economy and its security is firmly built around domestic production for our domestic needs."

□ 1640

Mr. Speaker, I commend the gentleman from Indiana [Mr. SHARP] on this bill, and I urge its adoption by the House.

Mr. MOORHEAD. Mr. Speaker, I yield 1 minute to the gentleman from Oklahoma [Mr. EDWARDS].

Mr. EDWARDS of Oklahoma. Mr. Speaker, I merely wanted to compliment the gentleman from Indiana [Mr. SHARP] and the gentleman from California [Mr. MOORHEAD] and others who have worked on this legislation. I am convinced that this current situation in the Middle East is at the state it is in terms of the involvement of American personnel on the ground because of our dependence on foreign energy sources. Had we merely had the invasion by one country of another, and not had the United States so dependent on those energy sources, my guess is we probably would have rattled sabers, sent ships, done a lot of

things, but not sent 150,000 American troops to be over there.

Mr. Speaker, we desperately need to increase our independence in the field of energy. I thought that was one of the most important things in the President's speech the other night.

Mr. Speaker, I compliment the committee for taking this step toward helping us increase our energy independence.

Mr. SHARP. Mr. Speaker, I want to indicate that the distinguished gentleman from Louisiana [Mr. TAUZIN] was a member of the conference committee. He has always been a very important participant on this issue, very creative in his ideas, and very determined in seeing that we had a solid policy of preparation, as well as a broader energy policy.

Mr. Speaker, I yield 4 minutes to the gentleman from Massachusetts [Mr. MARKEY], another member of our committee who has also been very active on a number of these issues and who is very much responsible, as is the gentleman from New York [Mr. LENT], for the work on the refined product reserve.

Mr. MARKEY. Mr. Speaker, I thank the gentleman from Indiana [Mr. SHARP] very much, and want to begin by complimenting him and his staff for the excellent work which they have done in the report which we have before us today. I think that similar gratitude and praise belong to the gentleman from California [Mr. MOORHEAD] and the gentleman from New York [Mr. LENT] and other members of the committee who worked together in a bipartisan fashion in order to present this to the House today.

Mr. Speaker, let me just make a few points. I think that as we begin the 1990's, it is very important for us to put aside the partisan ideological bickering which so often characterized the energy dialog of the 1970's and the 1980's in this country. I think that a brief bit of history is important, just so we can put in context how far we have come.

In March 1981, as James Edwards from South Carolina is named President Reagan's first Secretary of Energy, in testimony before Congress when asked if his goal was to abolish the Department of Energy, he said yes. He said, "I want to be back in South Carolina in April or May, because the catfish are jumping." When told that it might take a little longer than that for him to accomplish his goal of dismantling the agency that he had just been named Secretary of, he said, "Well, they are still jumping in June and July."

That inauspicious beginning to the 1980's in the wake of two energy shocks in the early and late 1970's, was unfortunately the beginning of a major debate, which led to a paralysis and the lack of construction of a real energy program for this country.

As we sowed the wind in the 1980's and early 1990's, we reaped the whirlwind. We find ourselves more dependent upon imported oil. We find ourselves without the progress that we would have hoped on solar and conservation, alternative energy resources.

Yes, we have made progress. We have moved along as far as we could hope. But as we remember when the 1980's unfolded, the Department of Energy was 75 percent for energy in the budget and 25 percent for nuclear weapons. As the 1980's ended, 75 percent of their budget was for nuclear weapons, 25 percent for energy. Of that remaining 25 percent, 75 percent of that 25 percent was for nuclear energy, even though there has not been a nuclear powerplant ordered in the United States in the last 14 years.

Mr. Speaker, let us move on to a new agenda. Let us move on to an era where we can work together on the things that we can do, not the things that divide us. Because 95 percent of the issues that are before us we can work out on a bipartisan basis.

Mr. Speaker, instead of getting up and talking about the things that we disagree on, let us work together and leave those final issues to the end.

Mr. Speaker, in this bill our chairman, the gentleman from Indiana [Mr. SHARP] and the conferees have included a provision, long overdue, for a refined product reserve. For many parts of the country it is not a problem. There is plenty of crude and there is plenty of refined product. But for the Northeast and other parts of the east coast, and parts of the west coast, when there is a shortage, yes, there is crude oil out there in the system, but there is no refined product. There is no home heating oil, no gasoline, for those parts of the country.

What we do in this bill is ask, actually order, the Department of Energy to begin a 3-year pilot program that will begin the process of creating an area of refined product reserve so that those areas of the country as well during periods of shortage can also be dealt with.

Mr. Speaker, this is the kind of issue that should be the foundation, the building block, for the construction of a smart, progressive, modern energy policy in the 1990's.

Mr. Speaker, my feeling is that the strategic petroleum reserve should have already been used. My feeling is we should have used the reserve before we called up the Reserves. It is as much a weapon in the battle against Saddam Hussein as any of the aircraft carriers that are over there. One million barrels out of that strategic reserve, thank God 600 million barrels strong, could last for 2 years. But it could also serve as a real depressing effect upon the increase in oil prices and the concomitant effect upon every industry in America for all intents and purposes, with the exception of the oil industry.

Mr. Speaker, we cannot afford to run the risk of finding out what kind of shock economically that is going to send throughout our system over the next several years. We should already be using it.

That is why I am glad we are able to come together in this kind of a bipartisan fashion. It is a tribute to the gentleman from Indiana [Mr. SHARP], a tribute to the gentleman from California [Mr. MOORHEAD], a tribute to the gentleman from New York [Mr. LENT], and a tribute to the gentleman from Michigan [Mr. DINGELL].

Mr. Speaker, that is the atmosphere I think we are going to have to have in the 1990's. We are going to have to put behind us the battles of the 1980's. They were nonproductive, and to a large extent those battles could become the battles of the 1990's, but it would just be allowing almost Frankie Avalon records to set the agenda for the future.

Mr. Speaker, let us move on. My congratulations to the gentleman from Indiana [Mr. SHARP]. He has done an excellent job.

Mr. SHARP. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee [Mr. CLEMENT].

Mr. CLEMENT. Mr. Speaker, I would say to the gentleman from Indiana [Mr. SHARP], the conferees, the members of the Committee on Energy and Commerce, and all those who worked diligently on this matter, that I feel very strongly about being energy independent. We need coal and oil and hydro and nuclear and alternative energy sources, and need to put much more emphasis on conservation than we have ever done before, and place those incentives there.

Mr. Speaker, I thought we learned our lessons in the 1970's but it is obvious history has repeated itself. Now we are energy dependent again. If we do nothing between now and the year 2000, we are going to be 60 percent dependent on foreign oil.

Mr. Speaker, most of those oilspills, as all Members know, are not from domestic production. Not at all. They are from transportation of foreign tankers to the United States that have been responsible for those oilspills.

We need to do a much better job than we have done in the past in terms of producing our oil and our energy resources in this country. We can do it, Congress can do it, working with the President. America will be proud of us, being energy independent, as well as being energy diversified.

Mr. PENNY. Mr. Speaker, I rise in strong support of this conference report. In light of the present uncertainty of oil supplies and

price volatility in the oil markets, I think that we can all agree that the strategic petroleum reserve [SPR] serves a critical role in the energy policy of this Nation. I also support the goal of increasing the SPR to 1 billion barrels of crude oil, and the creation of "refined product reserves" that the House indicated should consist of 20 million barrels of refined petroleum products.

An issue related to this Nation's energy security is the use of ethanol, a truly renewable energy resource. As many of my colleagues are well aware, alcohol blend fuels are increasing in use in this country and have tremendous potential for increasing our energy security, decreasing our dependence on imported oil, strengthening markets for farmers, and combating air pollution by reducing automobile emissions.

I would like to express my support for including ethanol in the regional refined product reserves. The conference report states that refined product reserves should be located in regions of the country that are dependent on imported petroleum products. Minnesota, and the Midwest in general, is such an area, and in my home State 12 percent of all gasoline marketed today is a 10-percent ethanol blend.

Critics of ethanol say that it is not price competitive with gasoline, but their calculations are based on outdated and distorted assumptions. What is the real price of a barrel of crude oil from the volatile Middle East? Alan Tonelson and Andrew Hurd of the Economic Strategy Institute argue that the real price of imported oil is about $80 per barrel if we include:

The $40 to $50 billion that America spends a year on military forces assigned to protect the Persian Gulf;

The nearly $6 billion the United States gives every year in foreign aid to Israel, Egypt, and Pakistan;

The yet unknown cost to the Federal budget to counter the terrorism of Saddam Hussein; and

The interest payments on the national debt to borrow for these funds.

It would interest my colleagues to note that today Agriculture Secretary Yeutter announced that all Agriculture Department employees wil be required to use ethanol blended gasoline in their vehicles. And, the Administrator of the General Services Administration announced the award of two Federal contracts to the Ford Motor Co. and General Motors Co. for a number of alcohol-powered vehicles.

Rather than move to diversify oil imports, improve energy conservation, and support alternative energy sources, the United States has allowed its dependency on oil imports from Arab OPEC members to rise from 8.5 percent of imports in 1985 to 26.6 percent in 1989. Let's start back down the road to energy self-sufficiency, including support for U.S.-produced ethanol in the strategic petroleum reserve.

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

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

The SPEAKER pro tempore (Mr. MAZZOLI). without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

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

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

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device and there were—yeas 391, nays 0, not voting 41, as follows:

[Roll No. 331]

YEAS—391

Ackerman	Coyne	Guarini
Alexander	Craig	Gunderson
Anderson	Crane	Hall (TX)
Andrews	Dannemeyer	Hamilton
Annunzio	Darden	Hammerschmidt
Anthony	Davis	Hancock
Applegate	DeFazio	Hansen
Archer	DeLay	Harris
Armey	Dellums	Hastert
Aspin	Derrick	Hatcher
Atkins	DeWine	Hawkins
Baker	Dickinson	Hayes (IL)
Ballenger	Dicks	Hayes (LA)
Bartlett	Dingell	Hefley
Barton	Dixon	Hefner
Bateman	Dorgan (ND)	Henry
Bates	Dornan (CA)	Herger
Beilenson	Douglas	Hertel
Bennett	Downey	Hiler
Bentley	Dreier	Hoagland
Bereuter	Duncan	Hochbrueckner
Berman	Durbin	Holloway
Bevill	Dwyer	Hopkins
Bilbray	Dymally	Horton
Bilirakis	Dyson	Houghton
Bliley	Early	Hoyer
Boehlert	Eckart	Hubbard
Boggs	Edwards (CA)	Hughes
Bonior	Edwards (OK)	Hunter
Borski	Emerson	Hutto
Boucher	Engel	Hyde
Brennan	English	Inhofe
Brooks	Erdreich	Ireland
Broomfield	Espy	Jacobs
Browder	Evans	James
Brown (CA)	Fascell	Jenkins
Brown (CO)	Fawell	Johnson (CT)
Bruce	Fazio	Johnson (SD)
Bryant	Feighan	Johnston
Bunning	Fields	Jones (GA)
Burton	Fish	Jones (NC)
Byron	Flake	Jontz
Callahan	Flippo	Kanjorski
Campbell (CA)	Foglietta	Kaptur
Campbell (CO)	Frank	Kasich
Cardin	Frost	Kastenmeier
Carper	Gallegly	Kennedy
Carr	Gallo	Kennelly
Chandler	Gaydos	Kildee
Chapman	Gejdenson	Kleczka
Clarke	Gekas	Kolbe
Clay	Geren	Kolter
Clement	Gibbons	Kyl
Clinger	Gillmor	LaFalce
Coble	Gilman	Lagomarsino
Coleman (MO)	Glickman	Lancaster
Collins	Gonzalez	Lantos
Combest	Goodling	Laughlin
Condit	Gordon	Leach (IA)
Conte	Goss	Leath (TX)
Cooper	Gradison	Lehman (CA)
Costello	Grandy	Lehman (FL)
Coughlin	Grant	Lent
Courter	Gray	Levin (MI)
Cox	Green	Levine (CA)
Lewis (FL)	Panetta	Slaughter (NY)
Lewis (GA)	Parker	Slaughter (VA)
Lightfoot	Parris	Smith (FL)
Lipinski	Paxon	Smith (NE)
Livingston	Payne (NJ)	Smith (NJ)
Lloyd	Payne (VA)	Smith (TX)
Long	Pease	Smith (VT)
Lowery (CA)	Pelosi	Smith, Robert (NH)
Lowey (NY)	Penny	Smith, Robert (OR)
Luken, Thomas	Perkins	Snowe
Lukens, Donald	Petri	Solarz
Machtley	Pickett	Solomon
Madigan	Pickle	Spence
Manton	Porter	Spratt
Markey	Poshard	Staggers
Martin (NY)	Price	Stallings
Martinez	Pursell	Stangeland
Matsui	Rahall	Stark
Mavroules	Rangel	Stearns
Mazzoli	Ravenel	Stenholm
McCandless	Ray	Stokes
McCloskey	Regula	Studds
McCollum	Rhodes	Stump
McCurdy	Richardson	Sundquist
McDade	Ridge	Swift
McDermott	Rinaldo	Synar
McEwen	Ritter	Tallon
McGrath	Roberts	Tanner
McHugh	Roe	Tauke
McMillan (NC)	Rogers	Tauzin
McMillen (MD)	Rohrabacher	Taylor
McNulty	Ros-Lehtinen	Thomas (CA)
Meyers	Rose	Thomas (GA)
Mfume	Roth	Thomas (WY)
Miller (CA)	Roukema	Torres
Miller (WA)	Rowland (CT)	Towns
Mineta	Rowland (GA)	Traficant
Moakley	Roybal	Traxler
Molinari	Russo	Unsoeld
Mollohan	Sabo	Upton
Montgomery	Saiki	Vander Jagt
Moody	Sangmeister	Vento
Moorhead	Sarpalius	Visclosky
Morella	Savage	Volkmer
Morrison (WA)	Sawyer	Vucanovich
Mrazek	Saxton	Walgren
Murphy	Schaefer	Walker
Murtha	Scheuer	Walsh
Myers	Schiff	Waxman
Nagle	Schneider	Weber
Natcher	Schroeder	Weiss
Neal (MA)	Schuette	Weldon
Neal (NC)	Schumer	Wheat
Nelson	Sensenbrenner	Whittaker
Nielson	Serrano	Wilson
Nowak	Sharp	Wise
Oakar	Shaw	Wolf
Oberstar	Shays	Wolpe
Obey	Shumway	Wyden
Olin	Shuster	Wylie
Ortiz	Sikorski	Yates
Owens (NY)	Sisisky	Yatron
Owens (UT)	Skaggs	Young (AK)
Oxley	Skeen	Young (FL)
Packard	Skelton	
Pallone	Slattery	

NAYS—0

NOT VOTING—41

AuCoin	Gephardt	Quillen
Barnard	Gingrich	Robinson
Bosco	Hall (OH)	Rostenkowski
Boxer	Huckaby	Schulze
Buechner	Kostmayer	Smith (IA)
Bustamante	Lewis (CA)	Smith, Denny (OR)
Coleman (TX)	Marlenee	Torricelli
Conyers	Martin (IL)	Udall
Crockett	McCrery	Valentine
de la Garza	Michel	Washington
Donnelly	Miller (OH)	Watkins
Ford (MI)	Morrison (CT)	Whitten
Ford (TN)	Pashayan	Williams
Frenzel	Patterson	

□ 1712

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SHARP. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and include therein extraneous material, on the conference report on S. 2088 just agreed to.

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

There was no objection.

PERSONAL EXPLANATION

Mr. BUECHNER. Mr. Speaker, I unavoidably missed rollcall 331, the last vote on S. 2088. Had I been present, I would have voted "aye."

PERSONAL EXPLANATION

Mr. PANETTA. Mr. Speaker, I was participatingin the budget summit negitiations at Andrews Air Force Base and was unable to case my vote during House proceedings. had I been present, I would have cast the following votes:

Rollcall No. 330—"no," on the Goodling amendment to the National Service Act of 1990, which would have forgiven Federal student loans for those who volunteer for certain full-time public service. Rollcall No. 331—"yea," in favor of the conference report on S. 2088, to amend the Energy Policy and Conservation Act.

PERSONAL EXPLANATION

Mr. BOSCO. Mr. Speaker, because of a pressing engagement in my congressional district, I regret that I was unable to vote on S. 2088, the Energy Policy and Conservation Act Amendments of 1990. Had I been present, I would have voted "aye."

PERSONAL EXPLANATION

Mrs. PATTERSON. Mr. Speaker, due to a death in my family, I was not present for votes. Had I been present I would have voted "yes" on rollcall 328, "yes" on rollcall 330, and "yes" on rollcall 331.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF HOUSE JOINT RESOLUTION 603

Mr. CLEMENT. Mr. Speaker, I ask unanimous consent that the name of the gentleman from Oklahoma [Mr. MCCURDY] be removed as a cosponsor of House Joint Resolution 603.

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

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONCURRING IN SENATE AMENDMENTS TO H.R. 4328, CUSTOMS AND TRADE AGENCIES AUTHORIZATIONS, FISCAL YEARS 1991 AND 1992

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 101-699) on the resolution (H. Res. 464) providing for agreeing to the Senate amendments to the bill (H.R. 4328) to authorize appropriations for fiscal years 1991 and 1992 for the customs and trade agencies, and for other purposes, which was referred to the House Calendar and ordered to be printed.

PERMISSION FOR COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS TO HAVE UNTIL MIDNIGHT FRIDAY, SEPTEMBER 14, 1990, TO FILE A REPORT ON H.R. 2840, THE COASTAL BARRIER IMPROVEMENT ACT OF 1990

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent that the Committee on Banking, Finance and Urban Affairs have until midnight Friday, September 14, 1990, to file a report on the bill, H.R. 2840, the Coastal Barrier Improvement Act of 1990.

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

There was no objection.

FEDERAL COMMUNICATIONS COMMISSION AUTHORIZATION ACT OF 1990

Mr. MARKEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3265) to amend the Communications Act of 1934 to provide authorization of appropriations for the Federal Communications Commission, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

That this Act may be cited as the "Federal Communications Commission Authorization Act of 1990".

AUTHORIZATION OF APPROPRIATIONS

SEC. 2. (a) Section 6 of the Communications Act of 1934 (47 U.S.C. 156) is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 6. (a) There are authorized to be appropriated for the administration of this Act by the Commission $109,831,000 for fiscal year 1990 and $119,831,000 for fiscal year 1991, together with such sums as may be necessary for increases resulting from adjustments in salary, pay, retirement, other employee benefits required by law, and other nondiscretionary costs, for each of the fiscal years 1990 and 1991.

"(b) In addition to the amounts authorized to be appropriated under this section, not more than 4 percent of the amount of any fees or other charges payable to the United States which are collected by the Commission during fiscal year 1990 are authorized to be made available to the Commission until expended to defray the fully distributed costs of such fees collection.

"(c) Of the amounts appropriated pursuant to subsection (a) for fiscal year 1991, such sums as may be necessary not to exceed $2,000,000 shall be expended for upgrading and modernizing equipment at the Commission's electronic emissions test laboratory located in Laurel, Maryland.".

COMMERCIAL RADIO OPERATOR EXAMINATIONS

SEC. 3. Section 4(f) of the Communications Act of 1934 (47 U.S.C. 154(f)) is amended by adding at the end the following new paragraph:

"(5)(A) The Commission, for purposes of preparing and administering any examination for a commercial radio operator license or endorsement, may accept and employ the services of persons that the Commission determines to be qualified. Any person so employed may not receive compensation for such services, but may recover from examinees such fees as the Commission permits, considering such factors as public service and cost estimates submitted by such person.

"(B) The Commission may prescribe regulations to select, oversee, sanction, and dismiss any person authorized under this paragraph to be employed by the Commission.

"(C) Any person who provides services under this paragraph or who provides goods in connection with such services shall not, by reason of having provided such service or goods, be considered a Federal or special government employee.".

TRAVEL REIMBURSEMENT PROGRAM

SEC. 4. Section 4(g)(2)(D) of the Communications Act of 1934 (47 U.S.C. 154(g)(2)(D)) is amended by striking "1989" and inserting in lieu thereof "1992".

COMMUNICATIONS SUPPORT FROM OLDER AMERICANS

SEC. 5. Section 6(a) of the Federal Communications Commission Authorization Act of 1988 (47 U.S.C. 154 note) is amended by striking "and 1989" and inserting in lieu thereof ", 1989, 1990, and 1991".

HAWAII MONITORING STATION

SEC. 6. (a) Section 9(a) of the Federal Communications Commission Authorization Act of 1988 (Public Law 100-594; 102 Stat. 3024) is amended—

(1) by striking "and 1990" and inserting in lieu thereof ", 1990, 1991, and 1992";

(2) in paragraph (4) by striking "a facility at the new location" and inserting in lieu thereof "facilities at new locations"; and

(3) in paragraph (6) by striking "a facility at a new location" and inserting in lieu thereof "facilities at new locations".

(b) Subsection (b) of section 9 of the Federal Communications Commission Authorization Act of 1988 (Public Law 100-594; 102 Stat. 3024) is amended to read as follows:

"(b) The Administrator of General Services is authorized to dispose of, only to the State of Hawaii, as much of the real property (including improvements thereon) at the present location of the Hawaii Monitoring Station as is necessary for the purposes of relating, at a minimum, the antennas associated with the Monitoring Station.".

(c) Section 9 of the Federal Communications Commission Authorization Act of 1988

(Public Law 100-594; 102 Stat. 3024) is amended by striking subsections (c) and (d), by redesignating subsection (e) as subsection (i), and by inserting immediately after subsection (b) the following new subsections:

"(c) Pursuant to the authority provided in subsection (b), the Administrator of General Services shall sell and convey to the State of Hawaii the real property and improvements thereon described in subsection (b) on an expedited basis, including provisions for lease-back as required.

"(d) In consideration of such sale, the State of Hawaii shall agree to—

"(1) pay to the General Services Administration an amount not less than the fair market value, as determined by the Administrator of General Services, of the property to be conveyed under subsection (c), or

"(2) convey to the Federal Communications Commission real property that would be suitable, as determined by the Commission, for the relocation of the Hawaii Monitoring Station and, in addition, pay to the General Service Administration an amount equal to the difference between the fair market value of the two properties, as determined by the Administrator of General Services, if the Federal property conveyed is of greater value.

"(e) The General Services Administration shall reimburse the Federal Communciations Commission from the net proceeds of such sale for all of the expenditures of the Commission associated with the relocation of the Hawaii Monitoring Station. Any such reimbursed funds received by the Commission shall remain available until expended.

"(f) The net proceeds of such sale, less any funds reimbursed to the Federal Communications Commission pursuant to subsection (e), and less normal and reasonable charges by the General Services Administration for costs associated with such sale, shall be deposited in the general funds of the Treasury.

"(g) If the General Services Administration and the State of Hawaii are unable to execute a contract for sale as required by this section or complete any other transaction necessary to carry out such sale, the Administrator of General Services shall not proceed to public sale of the property described in subsection (b).

"(h) The Hawaii Monitoring Station shall continue its full operations at its present location until new facilities have been built and are fully operational.".

(d) Subsection (i) of section 9 of the Federal Communications Commission Authorization Act of 1988 (Public Law 100-594; 102 Stat. 3024), as so redesignated by subsection (c) of this section, is amended by striking ", in fiscal years 1989 and 1990".

TARIFF NOTICE PERIOD

SEC. 7. (a) Section 203(b)(1) of the Communications Act of 1934 (47 U.S.C. 203(b)(1)) is amended by striking "ninety days notice" and inserting in lieu thereof "one hundred and twenty days' notice".

(b) Section 203(b)(2) of the Communications Act of 1934 (47 U.S.C. 203(b)(2)) is amended by striking "ninety days" and inserting in lieu thereof "one hundred and twenty days".

AMATEUR RADIO SERVICE RECIPROCAL PERMITS

SEC. 8. (a) Section 303(l)(3) of the Communications Act of 1934 (47 U.S.C. 303(l)(3) is amended by striking "bilateral agreement between the United States and the alien's government" and inserting in lieu thereof "multilateral or bilateral agreement, to which the United States and the alien's government are parties,".

(b) Section 310(c) of the Communications Act of 1934 (47 U.S.C. 310(c)) is amended by striking "bilateral agreement between the United States and the alien's government" and inserting in lieu thereof "multilateral or bilateral agreement, to which the United States and the alien's government are parties,".

WILLFUL OR MALICIOUS INTERFERENCE

SEC. 9. Part I of title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.) is amended by adding at the end the following new section:

"WILLFUL OR MALICIOUS INTERFERENCE

"SEC. 333. No person shall willfully or maliciously interfere with or cause interference to any radio communications of any station licensed or authorize by or under this Act or operated by the United States Government.".

APPLICABILITY OF FORFEITURES TO APPLICANTS

SEC. 10. The first sentence of section 503(b)(5) of the Communications Act of 1934 (47 U.S.C. 503(b)(5)) is amended by inserting "and if such person is not an applicant for a license, permit, certificate, or other authorization issued by the Commission," immediately before "unless, prior".

Mr. MARKEY (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

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

There was no objection.

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

Mr. RINALDO. Mr. Speaker, reserving the right to object, I would like the gentleman from Massachusetts [Mr. MARKEY], the distinguished chairman of the Subcommittee on Telecommunications, to briefly explain the differences between the House-passed version and the Senate-passed bill.

Mr. MARKEY. Mr. Speaker, if the gentleman will yield, I rise today in support of H.R. 3265, the Federal Communications Commission Authorization Act of 1990.

Mr. Speaker, the Senate-passed bill represents a compromise between H.R. 3265 as passed by the House and S. 1022 as it was reported by the Senate Commerce Committee. The differences between the two bills are minimal, and the compromise is very close to the House bill passed last October.

As passed by the Senate, H.R. 3265 authorizes $109,831,000 in funding for fiscal year 1990, which is the same amount contained in the Senate and House bills and is the same amount requested by the President. For fiscal year 1991, it retains the figure of $119,831,000 contained in the Senate bill, as reported, rather than the figure of $121,478,000 contained in the House bill. The President requested an appropriation of $117,998,000 for fiscal year 1991. Since the President's request is well below the amount authorized by both the House and Senate bill, we have chosen to accept the figure in the Senate bill.

The compromise includes the House statutory provision concerning the upgrading and modernizing of the Commission's test laboratory in Laurel, MD. It directs that no more than $2 million "shall be expended" for upgrading this laboratory. The bill also extends the FCC Travel Reauthorization Program until 1992 and, in addition, it accepts the Senate language which will continue to ensure the Hawaii monitoring facility will operate fully in its present location until new facilities are fully operational at a new location.

Today, as we enter an unprecedented period in the evolution of America's telecommunications industries, the role of the FCC is critical to promoting a competitive marketplace, providing timely development of efficient, innovative communications facilities and services. This independent agency must have the resources needed to implement congressional policies, to regulate the dynamic, burgeoning telecommunications industry and to carry out its statutory responsibilities to promote the public interest.

The Commission should be especially cognizant of its statutory responsibilities as it considers adopting new regulatory mechanisms for the telecommunications industry. It must ensure that it can guarantee American consumers the benefits and protections they deserve.

The compromise contains the provision in the House bill that authorizes 4 percent of any fees or other charges collected by the Commission during fiscal year 1990 to be "authorized to be made available to the Commission until expended." This provision is intended to help defray the FCC's fully distributed costs of enforcing the fee collection provisions in section 8 of the Communications Act.

The House bill had authorized the FCC to retain 4 percent of these fees for both fiscal years 1990 and 1991. The Senate bill, as reported, stipulated that 2 percent of the fees collected by the Commission "shall be available" for both fiscal years.

The compromise accepts the House's 4-percent figure for fiscal year 1990 only and the House wording out of recognition that the FCC's costs of enforcing this congressionally mandated fees provision will be substantial, and that even the 4-percent figure will not compensate the Commission completely for its costs of collecting the fees. Even at the 4-percent level, the FCC informs us that it is likely to incur costs in collecting these fees that are $1.5 million greater than the amounts retained in fiscal year 1990. Because the FCC's fiscal year 1990 appropriation passed the Congress before the reconciliation bill was enacted, the appropriation level did not account for this additional expense. The bill before us would allow the FCC to retain 4 percent of these fees for only fiscal year 1990 in

recognition of the unfairness of this unique situation.

LAUREL LABS

The compromise includes the House statutory provision concerning the upgrading and modernizing of the Commission's test laboratory in Laurel, MD. It directs that no more than $2 million "shall be expended" for upgrading this laboratory. Although the Senate bill, as reported, did not contain statutory language directing the expenditure of funds for the laboratory, the Commerce Committee explicitly expressed its intention that the FCC expend such funds for this purpose. The Committee amended S. 1022 as introduced to increase the FCC's authorized funding for fiscal year 1991 by $2 million—from $117,831,000 to $119,831,000—before reporting the bill. The committee report accompanying the bill expressly declares that the $2 million "is to be used for the sole purpose of modernizing the FCC's Electronics Emissions Test Laboratory in Laurel, MD." (Senate Report 101-215. p. 2). Thus, by accepting the House statutory language the compromise codifies a requirement that the Commerce Committee already imposed in its report.

The committee expects the Commission to use its discretion in establishing the priorities for the laboratory's modernization. However, it is our intention that the funds will be primarily used for the purchase of new equipment. The necessary equipment purchases would include, but need not be limited to: programmable spectrum analyzers and signal generators; an enclosed test site for radiated emission measurements; and computers for technical analysis.

TRAVEL REIMBURSEMENT PROGRAM

The bill before us also extends the FCC's travel reauthorization program until 1992. Both the Senate bill, as reported, and the House bill would have extended the program until 1991. This bill extends the program an additional year because of its demonstrated success. Such an extension should also permit the FCC to continue to implement the travel reimbursement program through the end of fiscal year 1992 even if the next FCC authorization bill is not passed until after the end of 1991.

HAWAII MONITORING STATION

In the FCC Authorization Act of 1988, the Congress included a provision permitting the FCC to move the Waipahu, Oahu, monitoring station to a new suitable location. The bill reported by the Senate would have extended by 2 years the FCC's authority to relocate the monitoring facility. The House bill contained no provisions concerning this monitoring station.

The compromise extends the FCC's authority to relocate the monitoring station for 2 years until 1992. It also makes some substantial changes in the authorizing language to ensure that the land currently being used for the Hawaii monitoring station is sold to the State of Hawaii, which has a strong public interest in acquiring the property.

Under the new language contained in this bill, the Administrator of the General Services Administration [GSA] shall sell to the State of Hawaii as much of the land associated with the Hawaii monitoring station as is necessary to relocate, at a minimum, the antennas associated with the monitoring station. The State of Hawaii is permitted either to pay the fair market value, as determined by the Administrator of the GSA, of the property it acquires or to swap another piece of property for the property acquired from GSA and pay the difference in price between the two properties, if the value of the property conveyed by the State of Hawaii is less than the value of the property it receives. These provisions do not foreclose the State of Hawaii from buying or selling these properties in conjunction with or as an agent for a third party that the State of Hawaii deems appropriate. Together, these provisions should provide the FCC, the GSA, and the State of Hawaii with sufficient flexibility to allow them to reach an agreement on the disposition of this property expeditiously.

As in the Senate bill, the bill before us ensures that the Hawaii monitoring facility will continue to operate fully in its present location until new facilities are fully operational at a new location. The GSA shall reimburse the FCC for the expenses of the relocation from the net proceeds of the sale. Any excess funds from the sale of the property will be deposited into the general funds of the Treasury.

The language further directs that the provisions of this section should in no way disrupt or defer the ongoing programs or regulatory activities of the Commission by diverting appropriated funds to the relocation of the Hawaii facilities. While we assume that the sale of the property will result in adequate funds for the relocation of the monitoring facilities, if this does not occur, the FCC should immediately inform the Congress.

STOLEN MOBILE TELEPHONES OR TELEPHONES USED FOR DRUG DISTRIBUTION

The compromise does not contain the provisions in the Senate bill, as reported, concerning the procedures to be followed if there is a suspicion that a mobile radio unit is stolen or is being used to engage in the illegal distribution of a controlled substance. These provisions were not included in the House bill. These provisions raise several important issues which deserve to be studied in greater detail before they are adopted into law. The Senate has thus agreed to drop these provisions so that both Houses of Congress can explore these issues more fully.

TECHNICAL AMENDMENT

In the Omnibus Budget Reconciliation Act of 1989, Public Law No. 101-239, Congress amended section 503(b)(2) of the Communications Act in a manner that, as the conference report made clear, was intended, inter alia, to clarif[y] and confirm the FCC's authority to impose forfeitures on applicants who engage in misconduct during the application process. Unfortunately, however, Congress did not amend section 503(b)(5) of the act, which by its terms requires that a citation, rather than a forfeiture, be issued to a first-time offender who does not hold a Commission authorization. In order to correct this apparent anomaly, and to clarify that the Commission need not first issue a citation before imposing a forfeiture on an applicant for a Commission authorization, the bill includes a technical amendment to section 503(b)(5).

FCC TRADE AUTHORITY

The House adopted a provision—section 9 of the House bill—that would have given the FCC explicit authority to assess the impact of its public interest decisions on the foreign commerce of the United States. This provision—an amendment by our colleague, Representative BILL RICHARDSON—was an excellent addition to H.R. 3265. It made explicit what is implicit in the Commission's public interest standard. By doing so, the Richardson amendment heightened the importance of the Commission taking into consideration the impact of its decisions on the balance of trade.

The bill being considered today does not contain any similar provision. This omission should not be taken as an indication of any less concern about the FCC's ability to consider trade matters when making its decisions. Rather, the decision not to include this provision simply reflects the belief of the Congress that the FCC already has ample authority to consider the impact of its decisions on foreign commerce before making those decisions.

The committee intends to conduct vigorous oversight over the Commission's attention to trade matters. In the past there have been instances in which the Commission was apparently oblivious to the trade consequences of its decisions. The committee intends to see to it that the Commission not repeat these mistakes.

UNCHANGED PROVISIONS

The bill includes all the other provisions that were contained in both the Senate bill, as reported, and the House bill. These provisions are as follows:

The Commission is given additional authority to prevent willful or malicious interference to radio communications.

The Commission can extend the tariff notice period from 90 to 120 days, with the extra time used primarily for the processing of access charge tariffs.

The Commission may accept and employ the services of qualified persons to prepare and administer commercial radio operator exams for a fee that the Commission determines is appropriate, without those persons being considered Federal employees.

The Older Americans Program is extended for an additional 2 years until the end of 1991.

The Commission may permit aliens to operate over the amateur radio frequencies based on multilateral treaties as well as bilateral treaties.

Mr. Speaker, H.R. 3265 contains a careful balance of the fiscal restraints we must face, and the recognition that the various telecommunications industries are growth industries that require an appropriate commitment of public funds. I urge my colleagues to support the bill.

Mr. RINALDO. Mr. Speaker, I thank the gentleman for his courtesy in explaining the bill, and I withdraw my reservation of objection.

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

There was no objection.

A motion to reconsider is laid upon the table.

GENERAL LEAVE

Mr. MARKEY, Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and include therein extraneous material, on the Senate amendment to H.R. 3265.

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

There was no objection.

□ 1720

LEGISLATIVE PROGRAM

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

Mr. WALKER. Mr. Speaker, I have asked to proceed for 1 minute for the purpose of ascertaining the schedule for the upcoming week from the distinguished majority whip.

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

Mr. WALKER. I yield to the distinguished gentleman from Pennsylvania.

Mr. GRAY. Mr. Speaker, I would like to share with the distinguished gentleman from Pennsylvania on the minority side the schedule for the rest of the week and next week.

I would say to my colleague, the gentleman from Pennsylvania [Mr. WALKER], that it is our expectation that tomorrow will be a pro forma session. There will be no votes.

Votes will be held on Monday. We have a long list of suspensions, 22 bills, as follows:

H.R. 4962—Commemorative coins for the 1992 Olympics.

H.R. 5610—Permit FDIC to increase deposit insurance premiums.

H.J. Res. 226—Establish national policy on permanent papers.

H.R. 5254—Reauthorization of the Fish and Wildlife Conservation Act of 1980.

H.R. 5255—National Fish and Wildlife Foundation Act Amendments of 1990.

H.R. 5264—Alaska Maritime Wildlife Refuge.

H.R. 2419—Chattahoochee National Forest facilities.

H.R. 1576—Cranberry Wilderness boundary.

H.R. 4145—Maine Wilderness Act of 1990.

H.R. 2840—Coastal Barrier Improvement Act of 1989.

H.R. 4567—Exchange of lands in South Dakota and Colorado.

H.R. 4811—To expand the boundaries of the San Antonio Missions National Historical Park.

H.R. 4687—Designating segments of the Lower Merced River as part of the Wild and Scenic Rivers System.

H.R. 4309—To establish the Smith River National Recreational Area in California.

H.R. 4660—To establish a memorial at Custer Battlefield Monument.

H.R. 4878—To establish the Lake Meredith National Recreational Area.

H.R. 4107—Regarding Richmond National Battlefield Park and Colonial National Historical Park.

S. 830—Blackstone River Valley Heritage Corridor.

H.J. Res. 431—Support for Brazilian conservation efforts to protect the Amazon.

H. Con. Res. 248—Sense of Congress regarding linkage between the environment and national security.

H. Res. 312—Regarding Convention on Rights of the Child.

H. Res. 398—Regarding Convention for the Protection of the Natural Resources and Environment of the South Pacific Region.

It is our expectation that all votes will be at the end of those suspensions and it would be expected that the House will not be required to cast any votes until approximately 4 o'clock in the afternoon on those suspensions where a vote is requested.

Following the suspensions, there will be the Department of Defense authorization bill brought back to the floor, and therefore Members can expect a late evening, a very late evening on Monday.

Also, the House can expect that on Tuesday there will be a late evening. It is our expectation to meet at 10 a.m. on Tuesday, the 18th.

The textile bill and the Comprehensive Crime Control Act of 1990 will be before the House for consideration. It is expected that we will work late on Tuesday until we finish consideration of those bills, or carry them over to Wednesday, September 19, when the House will meet at 10 a.m. to complete consideration of the Comprehensive Crime Control Act and also the Assault Weapons Control Act.

It is our expectation that the House will adjourn early in the afternoon on Wednesday, September 19, for Members to observe Rosh Hashanah, the holiday, and thus we can expect that we would adjourn and there would not be votes probably after 3 o'clock on Wednesday, September 19.

Mr. WALKER. Mr. Speaker, I thank the gentleman for the explanation of the schedule. There is much negotiating. There is much negotiating going on here.

Let me ask the gentleman about the suspension votes on Monday. If we finish all the debate on the suspensions, would we plan on having the votes on suspensions prior to going to the debate on DOD and further votes on DOD?

Mr. GRAY. Mr. Speaker, if the gentleman will yield further, it is our expectation that we would have any votes required on suspensions before we go to the DOD bill.

Mr. WALKER. So the chances are that we could have votes on any suspensions where votes are ordered some time in the late afternoon?

Mr. GRAY. It is our expectation that there would not be any recorded votes until after 4 o'clock in the afternoon.

Mr. WALKER. Until after 4 o'clock?

Mr. GRAY. Yes.

Mr. WALKER. Then with regard to the schedule for Wednesday, the expectation is that we would complete the Crime Control Act by Wednesday and then we would only go to the assault weapons bill if there is time, is that my understanding?

Mr. GRAY. That would be our expectation, because we do want to adjourn so that Members can observe Rosh Hashanah.

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

Mr. WALKER. I yield to the gentleman from Illinois.

Mr. RUSSO. Mr. Speaker, just a question for the majority whip. If the suspensions take until 5 or 6 o'clock, there would not be any votes until after 5 or 6 o'clock?

Mr. GRAY. Mr. Speaker, if the gentleman will yield, that is correct.

Mr. RUSSO. The process would not be interrupted to have votes at 4 o'clock?

Mr. GRAY. No. It is our expectation that if the 22 suspensions, the debate allotted for them goes until 5, the votes will be rolled until the end of the debate and consideration of all 22. It is only a guesstimate on our part that there would be no votes before 4 o'clock, so the gentleman is right. Votes could occur after 5 or as late as 6.

Mr. RUSSO. Mr. Speaker, I thank the gentleman.

Mrs. BYRON. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentlewoman from Maryland.

Mrs. BYRON. Mr. Speaker, if we take up the current bill before us on mail for the military in Saudi Arabia and if a vote is requested on that, could we have unanimous consent if a rollcall is requested to put that vote after the Suspension Calendar on Monday?

Mr. WALKER. Well, I do not have the authority on that.

Mrs. BYRON. It is my hope that there would be no rollcall vote on that.

Mr. WALKER. I would not have a particular objection to that. I am not certain that the Chair has the authority to do that, but I certainly personally would have no objection.

Mrs. BYRON. I am inquiring as to whether the gentleman would have an objection to that.

Mr. WALKER. I personally would not object to having the vote on Monday.

Mr. MYERS of Indiana. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Speaker, the committee has worked out an agreement with the Postmaster General that they are accepting postage-free mail already by complying with the free markup in the right-hand column, with the understanding that we would be able to get the bill on the floor today.

Now, if anyone here is intending to call for a vote, then we would be forced to wait until next Tuesday to bring this bill up and you are delaying action that is very badly needed by the troops in the Persian Gulf. So if anyone is going to ask for a vote, it is going to mess it all up.

Mrs. BYRON. Mr. Speaker, if the gentleman will yield, I can assure the gentleman that no one on this side will ask for a recorded vote.

Mr. MYERS of Indiana. The gentlewoman will lay down in the aisle and stop them? All right.

I think I can offer the same thing on this side. I tried to poll the group. I guess everyone is here, but it is just simply going to delay a very badly needed piece of legislation here to take care of this situation, so I hope everyone will understand.

Mr. WALKER. Mr. Speaker, I am glad there are so many people who think they can speak for 435 Members. I just said that I am not in a position to be able to do that. I would not guarantee anyone that there would not be a vote, but I am perfectly willing to have a unanimous-consent request.

ADJOURNMENT OF THE HOUSE FROM FRIDAY, SEPTEMBER 14, 1990, TO MONDAY, SEPTEMBER 17, 1990

Mr. GRAY. Mr. Speaker, I ask unanimous consent that when the House adjourns on Friday, September 14, 1990, it adjourn to meet at noon on Monday, September 17, 1990.

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

There was no objection.

HOUR OF MEETING ON TUESDAY, SEPTEMBER 18, 1990

Mr. GRAY. Mr. Speaker, I ask unanimous consent that when the House adjourns on Monday, September 17, 1990, it adjourn to meet at 10 a.m., on Tuesday, September 18, 1990.

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

There was no objection.

ADJOURNMENT OF THE HOUSE FROM WEDNESDAY, SEPTEMBER 19, 1990, TO FRIDAY, SEPTEMBER 21, 1990

Mr. GRAY. Mr. Speaker, I ask unanimous consent that when the House adjourns on Wednesday, September 19, 1990, it adjourn to meet at 10 a.m., on Friday, September 21, 1990.

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

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. GRAY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

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

There was no objection.

ALLOWING FREE MAILING PRIVILEGES TO MEMBERS OF THE ARMED FORCES

Mr. HAYES of Illinois. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the bill (H.R. 5611) to amend title 39, United States Code, to allow free mailing privileges to be extended to members of the Armed Forces while engaged in temporary military operations under arduous circumstances, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

□ 1730

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

Mr. MYERS of Indiana. Mr. Speaker, reserving the right to object, and I certainly will not object, I do so in order that the House might know what is in this legislation, and at this time I yield to the chairman of the subcommittee, the gentleman from Illinois [Mr. HAYES], for that purpose.

Mr. HAYES of Illinois. I thank the gentleman for yielding.

Mr. MYERS of Indiana. If I may, Mr. Speaker, may I reclaim my time?

The SPEAKER pro tempore. The gentleman is entitled to proceed.

Mr. MYERS of Indiana. Mr. Speaker, under the procedure the gentleman from Illinois [Mr. HAYES] just requested, that it be considered in the House, is it not in order to have a full hour of debate equally divided under that procedure rather than reserving the right to object?

The request was made to consider it in the full House. My understanding of the procedure is that we would be entitled to a full hour and not have to worry about this waiver.

The SPEAKER pro tempore. The Chair would advise the gentleman he is correct. However, the reservation procedure could continue to be used.

Mr. MYERS of Indiana. Mr. Speaker, I suggest we go ahead with the hour, a half hour to each side, equally divided between the two. I have to stand up for an hour in order to do that.

I request to have an hour, each a half hour, equally divided between Mr. HAYES and myself.

Mr. WALKER. Mr. Speaker, reserving the right to object my understanding of the gentleman's request was that he simply requested that the bill be considered in the House, which would give the hour of debate. There is no need for the gentleman from Indiana's unanimous consent request.

The SPEAKER pro tempore. The gentleman is correct. There is an hour of debate.

Mr. WALKER. I withdraw my reservation of objection.

The SPEAKER pro tempore. Does the gentleman from Indiana withdraw his reservation of objection?

Mr. MYERS of Indiana. Mr. Speaker, further under my reservation, I continue to reserve with this explanation: It is 5:30 here in Washington. A great many people do wish to get airplanes. We are not intending to vote. I am sure everyone thoroughly understands the legislation. I do not think it is going to take the full hour. I hope we can really expedite this.

Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

The Clerk read the bill as follows:

H.R. 5611

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 3401 of title 39, United States Code, is amended—

(1) by striking "sound-recorded" each place it appears and inserting "sound- or video-recorded"; and

(2) in subsection (a)(1)(A), by inserting "engaged in temporary military operations under arduous circumstances," before "or serving".

(b) The amendments made by subsection (a) shall be effective as of September 12, 1990.

The SPEAKER pro tempore. The gentleman from Illinois [Mr. HAYES] is recognized for 1 hour.

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

Mr. Speaker, so that the House may know what we are voting on, as chairman of the Subcommittee on Postal Personnel and Modernization, I rise to urge my colleagues to unanimously ap-

prove H.R. 5563, legislation by our colleague, FRANK MCCLOSKEY, chairman of the Subcommittee on Postal Operations and Services. This bill allows military personnel deployed in temporary oversees military operations to mail letters and parcels to their loved ones free of charge.

Members of this body who visited the Persian Gulf report that our servicemen and women were quite disturbed because they have been unable to obtain postage to mail letters back home to their relatives and friends.

Granting free mailing privileges is the least that we should do to ensure that the morale of our Armed Forces personnel in overseas military operations remains high. Again, I urge my colleagues to support this modest benefit to our service men and women who serve in temporary special deployments such as Operation Desert Shield.

Mr. Speaker, for purposes of debate only, I yield such time as he may consume to the gentleman from Indiana [Mr. MCCLOSKEY.]

Mr. MCCLOSKEY. I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in strong support of H.R. 5563 which provides for free mailing privileges for soldiers stationed in the gulf.

Over 50,000 members of the Armed Services have been stationed in Saudi Arabia for over a month now and, unfortunately, many of them have not been able to purchase stamps to write home. Communications with home are vital for our troops in the Persian Gulf. This is especially true now, when the troops are in a stable defensive posture, with periods of time available to write home.

H.R. 5563, which I introduced on Monday, would permit the President to grant free mailing privileges to troops engaged in temporary military operations under arduous circumstances, such as Operation Desert Shield. Since it appears that our troops will be stationed in the Middle East for an indefinite period of time, facing a potentially hostile enemy, I believe it is fitting that we give our military personnel the ability to communicate with their families and friends for free. This minor perk is a good morale booster and will send a clear message to our service men and women of our support for their efforts.

According to Defense Department estimates, the cost to the American public will be between $100,000 a month to $500,000 a month. At the most, this would amount to $6 million a year. This is a small price to pay to ensure constant communication between our troops and their families and friends back in the States.

Dramatic changes in the Soviet Union and Eastern Europe mean that the threats the United States will be facing in future years will be similar to the current situation in the Middle East. As such, military priorities will change and over time defense spending will decline. It seems reasonable to invest some of the money we will save by deleting funding for weapon systems, such as the B–2 bomber and SDI, to ensure that American men and women far from home are able to convey messages to the United States.

H.R. 5563 will also benefit families, friends and loved ones of our service men and women who are serving in the Middle East. Messages from the troops in the Middle East help alleviate the hardship of separation and loneliness.

This legislation will apply only to mail sent from the Middle East to the United States. It would cover letters, postcards, and audio and video cassettes but not other parcels.

In addition to providing the President with the ability to grant free mail privileges for our troops stationed in Saudi Arabia, this legislation would expand the current statute to allow free mail privileges in other cases involving temporary military operations. Situations similar to Panama and Grenada also would be covered.

I want to thank Chairman HAYES and our distinguished full committee chairman, Mr. FORD, for their leadership and assistance in this matter. I urge bipartisan support for this measure.

Mr. HAYES of Illinois. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Indiana [Mr. MYERS].

Mr. MYERS of Indiana. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we have troops now serving in the Persian Gulf, the Middle East, under an environment that most of them are not familiar with; tremendous heat, the sand, the environment, the culture with which most Americans are not familiar.

So morale is very easily up and down. For those of you who have served in the service, you know that morale can go up and down. But there is nothing in this world that restores morale like a letter from home or even the ability to correspond.

The problem we have in this Arab country now, in the desert, is the fact that postage is just not getting there, the stamps. And after the stamps get there, because of the heat and humidity, the stamps stick together. So the kids are having real trouble sending mail out.

The reason it is absolutely necessary we do this today is that in the meeting with the Postmaster General yesterday he agreed that he would issue the order immediately to start accepting letters with the "Free" written in the position where the postage stamp would normally be. So they are now accepting this. In order to keep his word and ours, it is very necessary that we take this action today. But it is the kind of thing that most of us who can remember from World War II, the "brown shoe Army," that we all did that and we took it for granted that the kids could do that when they went to the Far East, not realizing that there is a technicality because this is required. So I am sure that no one would want to vote or otherwise detain it and take away a right or privilege that our young people very necessarily need, those who are struggling in the sands right now.

Mr. Speaker, I yield 5 minutes to the ranking Republican of the Committee on Post Office and Civil Service, the gentleman from New York [Mr. GILMAN].

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding and I rise to express my support for the legislation before us. It is my hope that this measure will serve as a token for our esteem of our Armed Forces and will serve to lighten the loads and spirits, and therefore the morale, of our men and women on duty in the Middle East as part of Operation Desert Shield, while they await the outcome of this confrontation so far from their homes and families.

As the ranking minority member on the Post Office and Civil Service Committee it is always a source of pride for me to bring to the attention of the House the truly bipartisan nature of our committee and how it is able to move so diligently and swiftly on matters of importance that fall within our committee's jurisdiction.

I would like to add and the House may not be formally aware of this but, yesterday, during our hearings on this bill the Postmaster General, Anthony M. Frank, announced that effective yesterday the Postal Service has placed these provisions into effect. However, the representatives of the Department of Defense advised us that they believe they are still restrained by the language in the existing statues and would need this measure enacted before they, too, can begin to pass those free mailing privileges on to our troops in the Persian Gulf.

I realize that our colleagues in the other body have attached similar language to the Treasury, Postal Service appropriations bill, however, it is my concern that this conference may be a protracted one, and I, for one, do not want to see enactment of this important legislation delayed as a result of extended debate on other issues. I believe we should move this bill as quickly as possible independent of any other legislative entanglements.

Our military personnel, whom we depend on for so much in this crisis, are now depending on us. They should not have to find change, and purchase

stamps that will melt in their pockets and become unusable under the intense desert heat, not to mention just how hot coins must get in that type of heat. These fine, well-trained representatives of our military services, have many pressing concerns on their minds, but, and I am certain that you will agree, that wondering how they are going to get a letter back home, should not be one of those concerns.

This is a relatively minor problem in this emergency that we can, as a body, immediately deal with and that will have a swift and favorable impact on their lives and the lives of their loved ones.

Accordingly, I urge my colleagues to concede to this request and support its adoption under this agreement and I withdraw my right to object.

□ 1740

Mr. HAYES of Illinois. Mr. Speaker, for purposes of debate only, I yield 1 minute to the gentlewoman from Maryland [Mrs. BYRON].

Mrs. BYRON. Mr. Speaker, let me first of all thank my colleagues, the chairman of the subcommittee, because, as I testified before his subcommittee yesterday on the importance that I felt so strongly on, on the trips that we have overseas, I was delighted to hear just shortly afterward that the Postmaster General came in and said, "It is a done deal."

I am very pleased to be able to think back to the faces of the young people that we saw in Saudi just 2 weeks ago who looked at me and said, "Your know, mail means so much to me, but I don't have a quarter in my pocket to buy a stamp, but then the stamps aren't here if I had the quarter. Can you do something about the mail?"

Mr. Speaker, it is very nice when they look to us as Members and we can, with this legislation, go back and say, "Well, we heard you. We did something about it."

So, Mr. Speaker, I thank the gentleman very much.

Mr. MYERS of Indiana. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. HORTON].

Mr. HORTON. Mr. Speaker, I join a number of my colleagues on the Post Office and Civil Service Committee, in support of H.R. 5563.

Representatives FRANK MCCLOSKEY, WILLIAM FORD, BENJAMIN GILMAN, CHARLIES HAYES, and JOHN MYERS are to be commended for the expeditious handling of this bill. We are all dedicated to its prompt enactment. The bill would permit free mailing privileges for members of the armed service engaged in temporary military operations such as the one in the Persian Gulf.

Mr. Speaker, many of us in the Congress, in fact, many of us here today fought for this Nation in previous conflicts. I am veteran of World War II, having fought in North Africa and in Italy. As one who has served in conditions similar to those facing our men and women in the Middle East today, I can say firsthand how important it is for soldiers to be able to communicate with their loved ones back home. Enacting this legislation would make the difficult situation for the men and women in uniform much more bearable.

As a nation, we have asked our soldiers, sailors, airmen, and marines to take on a difficult task to protect our way of life. The environment is hostile and the local culture is confusing. Permitting our men and women the opportunity to mail letters back home for free is one thing which we can do to thank them for their efforts.

Once again, I urge my colleagues to support this legislation.

Mr. MYERS of Indiana. Mr. Speaker, I yield myself 2 additional minutes for an explanation of a condition that does exist in Saudi.

Mr. Speaker, I am sure that all of my colleagues have been hearing, or will be hearing, from our troops there that a procedure is occurring in Saudi Arabia which does not occur any place else in the world where we have troops. The Army Post Office in Saudi Arabia, when the mail comes through, must deliver the mail through the customs officials at Saudi. There first-class letters are generally going through without any problem, but parcels, packages, are being intercepted, opened and, in some cases, things are taken out. This is the condition that is not going on any place else in the world of all the places in the world we have troops. The kids' mail goes through without being opened, and it is just something this Nation cannot tolerate.

So, Mr. Speaker, we urged the Army yesterday when they appeared before our committee to renegotiate a status of force with Saudi Arabia, and I am sure the Saudis are watching this. I urge them, right away, that we need to clarify that. We are over there at the invitation of Saudi. We are doing a job to help them too. We are not over there trying to impose our views on Saudi Arabia, our customs, our norms. We are not there trying to do anything like that. But there are also our troops who are doing a job for them who are entitled to the same decency, the same rights, because we are helping them, too, and we owe it to our troops and to us to eliminate this under the status of forces agreement we have with Saudi Arabia.

So, Mr. Speaker, I urge that we take action immediately on this, and I hope the Saudis are watching this and take action on this without having to go any further.

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

Mr. HAYES of Illinois. Mr. Speaker, since I have no further requests for time, I will close the debate on this issue just by saying that this is the least we can do for those men and women who over there are making the sacrifice in that desert country over there.

I am advised by some who have been over there that it is so hot that even stamps stick together. So, the least we can do is provide them with free ways to write to their loved ones back here and just write on the letter "free mail."

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

Mr. HAYES of Illinois. I yield to the gentleman from Louisiana.

Mr. TAUZIN. Mr. Speaker, I just want to commend the gentlemen and to add an additional point.

I recently learned from ham operators that third-party rights in Saudi Arabia have not yet been arranged for ham communication for our troops in the field. Having been over there with the gentlewoman from Maryland [Mrs. BYRON] and others, I can tell my colleagues that communications are critical, and I commend the gentlemen for what they are doing.

At the same time we pass this measure, we ought to appeal to the Department of Defense, and the State Department and the FCC to do something immediately about assigning somebody the job of securing third party rights in Saudi Arabia so our ham operators can provide communications for our service men and women there, too.

Mr. CLAY. Mr. Speaker, I rise in support of H.R. 5563, a bill which would amend title 39 of the United States Code to provide free mailing privileges for members of the Armed Services who are engaged in temporary military operations under arduous circumstances. I would like to commend my colleague, Representative FRANK MCCLOSKEY, for introducing this legislation, which I am pleased to cosponsor, to provide relief to the committed men and women who are currently deployed in the Persian Gulf and unable to write home to their families.

These individuals stationed in Saudi Arabia for the past month have faced serious difficulty trying to communicate with their loved ones back in the United States because they have been unable to purchase stamps to write home. A major complaint these soldiers expressed to our colleagues who recently returned from Saudi Arabia was their frustration in not being able to let their families know they are healthy and missing them.

The men and women are dedicated individuals who are stationed in hostile territory in order to serve the United States. Providing free mailing services is the very least we can do to support them. This extremely small gesture will boost morale and make an uncomfortable and difficult situation much more bearable.

I urge my colleagues to vote in favor of this measure.

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

The SPEAKER pro tempore (Mr. MAZZOLI). Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. RIDGE

Mr. RIDGE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. RIDGE. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. RIDGE makes a motion to recommit the bill to the Committee on Post Office and Civil Service with instructions to report back the bill forthwith with the following amendment:

Strike all after the enacting clause and insert the following:

SECTION 1. FREE MAILING PRIVILEGES FOR MEMBERS OF THE ARMED FORCES PARTICIPATING IN TEMPORARY OVERSEAS DEPLOYMENT IN ARDUOUS CIRCUMSTANCES.

(a) MAILING PRIVILEGES.—In a case in which members of the Armed Forces are temporarily deployed overseas for an operational contingency in arduous circumstances, as determined by the Secretary of Defense, members so deployed shall be provided mailing privileges under section 3401(a)(1)(A) of title 39, United States Code, in the same manner as if the forces deployed were engaged in military operations involving armed conflict with hostile foreign force.

(b) REIMBURSEMENT OF POSTAL SERVICE FROM LEGISLATIVE BRANCH APPROPRIATIONS.—There shall be transferred to the Postal Service as postal revenues, out of appropriations made for the legislative branch for the purpose of franked mailings, as a necessary expense of the appropriations concerned, the equivalent amount for postage due, as determined by the Postal Service, for matter sent in the mails under authority of subsection (a).

(c) EXPIRATION.—The provisions of this section shall expire on June 30, 1991.

Mr. RIDGE (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

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

There was no objection.

POINTS OF ORDER

Mr. HAYES of Illinois. Mr. Speaker, I have a point of order.

The SPEAKER pro tempore. The gentleman will state his point of order.

Mr. HAYES of Illinois. Mr. Speaker, we do not have a copy of the motion over here.

Mr. RIDGE. I would be pleased to give the gentleman from Illinois [Mr. HAYES] a copy of the motion.

Mr. GIBBONS. Mr. Speaker, I have a point of order.

The SPEAKER pro tempore. The gentleman will state his point of order.

Mr. GIBBONS. Mr. Speaker, I have no idea what is in this, so I reserve a point of order.

The SPEAKER pro tempore. The gentleman from Florida [Mr. GIBBONS] reserves a point of order.

It would be appropriate at this time for the Chair to ask the gentleman from Pennsylvania [Mr. RIDGE], in order to inform the House, what the gentleman is endeavoring to do in his motion to recommit, the reading of which has been dispensed with. Would the gentleman rather succinctly describe what his motion to recommit is about?

Mr. RIDGE. Mr. Speaker, I would be very pleased to do that for the Chair, and that was my intention in my introductory remarks to begin with.

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. RIDGE] is recognized for 5 minutes in support of his motion to recommit.

Mr. RIDGE. My colleagues, the motion is straightforward. I can say that we can deal with it without a recorded vote, and I can say I think, without reservation, that it deserves the unanimous support of both sides of the aisle. Many people have had different experiences with Operation Desert Shield, and I would like to relate to my colleagues one that I had.

However, Mr. Speaker, the motion simply involves the matter of how the cost of this free mail is to be paid. Yesterday at the hearing before the subcommittee the Postmaster General announced that as of yesterday the mail was going to be free. As of yesterday, by postal regulation, the mail would be free. So, this legislative act is basically confirming something that the Postmaster General did as a matter of regulation yesterday.

The motion to recommit simply says that this will be paid for by an out-of-appropriation fund that we, as Members of Congress, receive to subsidize our franked mail that I think we all agree upon, that the mothers, and the fathers, and the husbands, and the wives, and the brothers, and the sisters and the children would rather hear from them than from us. Now we stand around and applaud when the President talks about their courage, their sacrifice, their commitment, or we can make some small, but I think very significant, contribution, and that is to say to these young men and women whom everybody has praised prior to this time, "Not only will your mail be free, but we, as elected officials will send out one or two fewer pieces of mail so that the mail you send home, which I think is probably more important to the moms, and dads and the spouses back home, will pay for it out of our legislative appropriation which subsidizes our frank mail," and I think that is a very simple, straightforward motion to recommit. I think that the parents would prefer to have it that way. I think the American people would prefer to have it that way.

That is the explanation.

The SPEAKER pro tempore. The gentleman from Illinois [Mr. HAYES] is recognized for 5 minutes to speak on the question of the motion to recommit offered by the gentleman from Pennsylvania [Mr. RIDGE]. Do the Gentlemen press their points of order?

□ 1750

Mr. HAYES of Illinois. Mr. Speaker, I rise in opposition to the motion to recommit.

Mr. Speaker, this is an appropriation which would be included in the authorization bill. We do not need it in here.

Mr. MYERS of Indiana. Mr. Speaker, will the gentleman yield?

Mr. HAYES of Illinois. I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Speaker, this is what the Michel letter circulating around is. It is paid out of the Treasury of the United States, whether it is in appropriations for the legislative branch or the Defense Department. The Defense Department is on board. It has always been paid out of Defense Department. So it is still paid by the taxpayers of this country. It is just a matter of which pocket we take it out of. It makes absolutely no difference. The kids over there struggling could really care less about who pays for it, as long as the Treasury of the United States pays for it. I urge this be defeated.

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

Mr. HAYES of Illinois. I yield to the gentleman from Indiana, the author of the bill.

Mr. McCLOSKEY. Mr. Speaker, I thank the gentleman for yielding. This has been thoroughly discussed, not only with the Postal Service, but with the Pentagon. As Members know, we are in a downward track overall as far as the defense bill, making various savings. The Pentagon itself, at least informally with communications, has indicated they have no objection to taking it out of the Pentagon. The costs are already being taken care of. Why in effect thrust us into a partisan political issue?

Mr. HAYES of Illinois. Mr. Speaker, reclaiming my time. I have made my position very clear. I think that this motion is completely out of order, and we ought to vote it down.

The SPEAKER pro tempore (Mr. MAZZOLI). Without objection, the pre-

vious question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and on a division—demanded by Mr. WALKER—there were—yeas 24, nays 43.

Mr. RIDGE. 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. Without objection, the vote will be postponed until Monday, September 17, 1990.

There was no objection.

EMERGENCY MEDICAL SERVICES WEEK

Mr. SAWYER. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 568) designating the week beginning September 16, 1990, as "Emergency Medical Services Week," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

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

Mr. RIDGE. Mr. Speaker, reserving the right to object, I do so to acknowledge the work of the gentleman from New York [Mr. MANTON], the chief sponsor of House Joint Resolution 568, designating the week of September 16, 1990, as "Emergency Medical Services Week."

Mr. MANTON. Mr. Speaker, I rise today in strong support of House Joint Resolution 568, a resolution I have introduced to designate the week beginning September 16, 1990, as Emergency Medical Services Week. I want to express my deep appreciation to Subcommittee Chairman SAWYER for his important help in bringing House Joint Resolution 568 to the floor, and for his cosponsorship of this resolution. Also, I want to thank my colleagues who joined me in cosponsoring this important measure. I know the emergency medical personnel in their districts are aware of their help in ensuring passage of this important resolution.

Mr. Speaker, Emergency Medical Services Week is designed to recognize the invaluable contributions and dedication of emergency medical services teams across the Nation. EMS teams include emergency medical physicians, paramedics, nurses, technicians, educators, and administrators. Thousands of lives are saved each day because of the work of EMS teams. From the prehospital setting to the hospital emergency department, EMS teams are available 24 hours a day, 7 days a week to provide access to emergency medical care for our citizens.

Every year the medical community's knowledge and expertise in the field of emergency medicine increases. Organizations such as the National Association of Emergency Medical Technicians, the American College of Emergency Physicians and the National Council of State EMS Training Coordinators help emergency personnel remain current with the latest developments in emergency medicine. EMS teams across the Nation also work together to improve and adapt their skills as new methods of emergency treatment are developed.

EMS personnel are a special part of the medical community who are trained to expect the unexpected and may be called upon to treat any illness or injury. They must make rapid decisions on appropriate treatment and the need for hospitalization, often while working under hazardous conditions. Advancements in the specialty of emergency medicine also have greatly contributed to the reduction of deaths resulting from emergency-related injuries during the past 25 years.

Mr. Speaker, it is unfortunate that we oftentimes take Emergency Medical Services personnel for granted because they are so reliable. Emergency Medical Services Week will afford cities and towns around the Nation the opportunity to honor their local EMS teams for the important contributions they provide the community. Emergency Medical Services Week also will provide EMS teams with an opportunity to educate the public about accident prevention and emergency treatment.

Every year since 1986, the Congress has passed resolutions recognizing the vital work of EMS professionals. Let us once again honor EMS by proclaiming the week beginning September 16, 1990, as Emergency Medical Services Week. I urge my colleagues to join me in supporting this important resolution.

Mr. RIDGE. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gemtleman from Ohio?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 568

Whereas the members of emergency medical services teams devote their lives to saving the lives of others;

Whereas emergency medical services teams consist of emergency physicians, nurses, emergency medical technicians, paramedics, educators, and administrators;

Whereas the people of the United States benefit daily from the knowledge and skill of these trained individuals;

Whereas advances in emergency medical care increase the number of lives saved every year;

Whereas the professional organizations of providers of emergency medical services promote research to improve emergency medical care:

Whereas the members of emergency medical services teams work together to improve and adapt their skills as new methods of emergency treatment are developed;

Whereas the members of emergency medical services teams encourage national standardization of training and testing of emergency medical personnel and reciprocal recognition of training and credentials by the States;

Whereas the designation of Emergency Medical Services Week will serve to educate the people of the United States about accident prevention and what to do when confronted with a medical emergency; and

Whereas it is appropriate to recognize the value and the accomplishment of emergency medical services teams by designating Emergency Medical Services Week: Now, therefore, be it.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week beginning September 16, 1990, is designated as "Emergency Medical Services Week", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such week with appropriate ceremonies and activities.

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

GENERAL LEAVE

Mr. SAWYER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and include therein extraneous material, on House Joint Resolution 568, the joint resolution just passed.

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

There was no objection.

ALLIES SHOULD INCREASE SUPPORT

(Mr. DONALD E. "BUZ" LUKENS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous material.)

Mr. DONALD E. "BUZ" LUKENS. Mr. Speaker, well, Hitler had his fool in Mussolini, now Iraq has Iran.

The other idiots in the Mideast have now thrown their hat into the ring. Iran Chief Mullah yesterday, formally called for a holy war against the United States and the multinational forces in the Persian Gulf. How is it that Iran is constantly claiming to be, or wants to be, a member of the international community, yet they continually support individual terrorist acts. And now they support the international terrorist Saddam Hussein and the horror he is inflicting on Kuwait and the entire Mideast.

Mr. Speaker, with Iran jumping into the ring, Saddam may now think he can be a little bolder in his actions. It is now much more important for our largest and wealthiest allies, Germany and Japan to increase their support in this international effort.

It is not right for the German and Japanese Governments to claim that it is sufficient that Kuwait and Saudi Arabia have pledged billions of dollars to cover the costs. Saudi Arabia and Kuwait do not have much more at stake than do Germany or Japan. Germany and Japan have their national economies, and their national security at stake and words are not enough.

German marks and Japanese yen is a small price to pay compared to the lives of Americans and our allies.

[From the New York Times, Sept. 13, 1990]

GERMANY AND JAPAN DRAW HARSH ATTACKS ON GULF CRISIS COSTS

(R.W. Apple, Jr.)

WASHINGTON, September 12.—A storm of animosity, extraordinary in its extent and intensity, has burst out on Capitol Hill and in the country at large over what critics are portraying as paltry contributions by Japan and West Germany to the international effort to confront Iraqi aggression in Kuwait.

An anti-Japanese amendment to the military spending bill, which would probably have died if not for resentments generated by the Middle East crisis, sailed through the House of Representatives this afternoon by a vote of 370 to 53. The measure is unlikely to survive in its present form.

President Bush's effort to spread the burden of financing the American effort in the Persian Gulf, which was intended to reassure Congress and the public, has failed to do so. Large numbers of Republicans and Democrats, conservatives and liberals, have attacked Tokyo and Bonn this week for what Senator John McCain, Republican of Arizona, described as "contemptible tokenism" and Senator John Kerry, Democrat of Massachusetts, called "almost an insult."

As the debate over the cost of the Persian Gulf operation continues, the United States finds itself in the somewhat embarrassing position of being in substantial debt to the United Nations, although President Bush has asked Congress to approve a major contribution to the organization.

On the burden-sharing issue, the legislators are using startlingly abrasive language on the floor, in television and newspaper interviews and in speeches to their constituents. To a considerable degree, that reflects the views of newspaper editorialists and of the general public, as reflected in recent opinion surveys.

"The most negative question you hear is why our allies aren't doing more," said Senator Trent Lott, a conservative Republican from Mississippi.

Representative Carroll Hubbard, Democrat of Kentucky, said that "the Japanese have been acting totally the way they usually do: if there's no profit in it for Japan, forget it."

In a speech on Tuesday night, Speaker Thomas S. Foley sought to quiet the rebellion arguing that "Japan has done more to respond to requests for assistance, arguably, than any other nation, yet finds itself more singled out" for attack more than other countries.

The Bush Administration is also trying to limit the damage; Mr. Bush treaded lightly on the issue in his speech Tuesday night, and Marlin Fitzwater, the White House spokesman, observed today that "generally, we think that the response has been good," while conceding that "in some cases, we think countries can do more."

But the potential for damage to relations with two important political and economic allies is great, and Senator Malcom Wallop, Republican of Wyoming, warned today that "these people who are talking this way run the risk of eroding the political support for the President's policy by focusing attention on arguments over money instead of on defeating Saddam Hussein."

Burden-sharing dominated the debate in the House today on the military spending bill. The amendments, proposed by Representative David Bonior, Democrat of Michigan, would require Japan to pay the full cost of stationing United States armed forces in that country, including their salaries, which Mr. Bonior estimated at more than $4.5 billion a year.

If the amendment became law and Japan refused to pay the costs, the United States would be obliged to begin withdrawing 5,000 of the 50,000 troops now based in Japan every year.

Representative Les Aspin, Democrat of Wisconsin, who heads the House Armed Services Committee, opposes the measure, as does his counterpart in the Senate, Sam Nunn, Democrat of Georgia. That makes it highly improbable that the amendment will ever reach the law books, but the vote nonetheless sent a powerful political signal, which might ultimately oblige Bonn and Tokyo to reassess their positions.

Mr. Aspin said that "if you're picking on one country, it should be Germany, which is doing even less than Japan." Mr. Nunn said the Japanese response to any such legislation would be to say to the American troops, which defend United States regional interests as well as Japan, "adios, amigo."

But both said they shared the general feeling that the two countries, which have the world's largest trade surpluses, two of the world's most productive economies and considerably more dependence of Middle East oil than the United States, have done too little.

Both countries are sending equipment to the international force, but Bonn has pledged no money yet and Japan has pledged only $1 billion.

The two nations have constitutional prohibitions against the use of their troops except in self-defense. But Chancellor Helmut Kohl of West Germany has said he will seek to remove that prohibition from the constitution of the new, unified Germany, which is to come into being in three weeks.

Hideaki Ueda, the counselor for public affairs at the Japanese Embassy here, confirmed tonight that Japan would announce this weekend a grant of $2 billion to Turkey, Egypt and Jordan, the three countries other than Iraq that have been hardest hit by the United Nations trade sanctions. He said, "The is not a small amount."

"We find this criticism disturbing," Mr. Ueda said. "We need to show unity. We are not fighting against each other, and we hope that reasonable men in the Senate and the House of Representatives will come to see that."

A senior German official, who insisted on anonymity, said: "We are astonished. We said we would bear our fair share, and we are ready to."

Mr. Kohl is expected to present to Secretary of State James A. Baker 3d, who is scheduled to arrive in Bonn on Friday or Saturday, a plan for West German underwriting of American air- and sea-lift expenses in the Persian Gulf.

[From the Washington Post, Sept. 13, 1990]

AMERICANS NEED NOT FEEL PUT-UPON BY THEIR ALLIES

(By Jim Hoagland)

Once again, East is East and West is confused. While the Soviet Union pursues its objectives in the Persian Gulf with a free hand, the United States and its allies find discord and differences as they join to force Iraq out of Kuwait.

In one important aspect, nothing has changed for the Soviet Union. Moscow did not bother to consult and coordinate with its "allies" when it claimed to have some. Now the Soviets do not even go through the motions.

Americans meanwhile are muttering into their gasoline tanks about the rest of the world sponging off U.S. might and treasure. The call rises for the Europeans and Japanese to do more. Congressmen returning here from summer recess and reporters out interviewing folks in the Midwest about the Mideast find concern soaring about faithless foreigners taking advantage of America's trusting nature and natural riches.

This intense reaction, while understandable, misses two essential points. The first is that America's allies in Europe and the Middle East are making significant contributions to the international campaign to rescue Kuwait from physical and political annihilation. The notable and unfortunate exception is West Germany, which is preoccupied with reunification and the December elections. (For Helmut Kohl and Hans-Dietrich Genscher, it is still reelection *uber alles.*) Japan, after a faltering start, is chipping in.

Americans feel more imposed upon than ever, despite this better-than-usual response in the politics of burden sharing. President Bush's proposal to write off $7 billion in Egyptian debts that would never have been repaid anyway is a clever accounting maneuver to clear the books at an opportune moment. But the write-off stirs anger among American taxpayers who get no such relief at home.

The misunderstanding about burden sharing is rooted in the fundamentally different images of each other held by America and its allies. The arrival of the Persian Gulf crisis, as the Cold War ends, should bring a less emotional sorting out of respective responsibilities and rights in the global political and economic system that took form after World War II.

Americans complain that they should not be expected to shoulder the world's problems at a time when their own domestic problems are at a time when their own domestic problems are so serious. The complaint implies that our international involvement is a net drain on American resources and the rest of the world contributes nothing or little to American well-being.

But for many abroad, the leading role America plays in this and other international crises is a natural consequence of the rights that America asserts in a global political and economic system that has been shaped and run by American values—and needs more than any other single nation.

The Financial Times of London—no radical anti-American sheet by anyone's measure—questions periodically why the United States should be allowed to go on "hogging the surplus capital of the world" to finance its budget and trade deficits. The willingness of Japanese, German and other foreign investors and lenders to help Americans live $150 billion a year beyond their means is perhaps the most immediate measure of how America benefits (in the short run, and at a price) from the international system it leads.

But the British newspaper's point is one that is too rarely considered by Americans. Dollars, Deutsche marks and yen sent to the United States are not available to pay for consumer goods or infrastructure invest-

ment in other countries that also need to import foreign capital.

While we focus on the reality that the Europeans and Japanese are more dependent on the energy resources Americans are protecting in the Persian Gulf, many abroad see another compelling reality: Americans, who make up 5 percent of the world's population, consume 24.1 percent of the world's energy supplies.

Americans reject high gasoline taxes and other forms of discipline that Europeans and Japanese use to cut petroleum consumption by industry, government and individuals. Lacking the room to maneuver that the United States felt it had, West Germany and Japan rode out the oil shocks of 1973 and 1979 and made their industries even more energy-efficient.

Because the dollar is the international reserve currency, the United States has been able to run budget and trade deficits that no other country has ever been allowed to accumulate without being disciplined, and to reap other special benefits of the global financial system the United States dominates. If allowed to spread, the Persian Gulf crisis would present a direct challenge to that system and thus to international stability.

The Americans take in global stability is clear. It has acted to protect its interests. So have most of its allies, although on a much smaller scale. The Europeans and Japanese need to up their ante in this particular crisis, while the Americans need to lower the resentment index in their dealings with foreigners.

The enemy is Saddam Hussein, not each other.

□ 1800

THE OMNIBUS CRIME BILL

The SPEAKER pro tempore (Mr. MAZZOLI). Under a previous order of the House, the gentleman from New Hampshire [Mr. DOUGLAS] is recognized for 5 minutes.

Mr. DOUGLAS. Mr. Speaker, as the Members know, next week we are going to take up the omnibus crime bill which is H.R. 5269. I serve on the Judiciary Committee and I also serve on the Crime Subcommittee of the Judiciary Committee, and in looking this over, having voted against it, I want Members to understand that the Attorney General of the United States opposes this bill, the U.S. attorneys oppose this bill, the district attorneys oppose this bill and the attorneys general of the United States oppose this bill.

How could something that is called an anticrime bill be opposed by all of the law enforcement officers in this Nation who would have to administer it? The reason is very simple. The omnibus crime bill is the Christmas list of the American Civil Liberties Union enshrined in print with a House bill number on it called H.R. 5269. It is as if Michael Dukakis had won the election and this is the bill that he would be waiting to sign down at the White House, because this is a bill that ends the death penalty, makes it virtually impossible to get evidence into our courts, and otherwise guts the criminal justice system in this country.

Let me quote from Richard Ieyoub, president of the National District Attorneys Association.

This bill—

looks like it was drafted by the death row PAC at Leavenworth or Attica.

These provisions which at best can be characterized as pro-criminal, will dramatically increase the opportunity for delay, abuse and repetitive litigation in both capital cases and in cases that are not capital. And for the Congress, under the guise of reform, to try to pass this legislation is a sham.

That is the end of the quote from the head of the District Attorneys Association.

What about the attorneys general? Mike Moore, attorney general for Mississippi said:

The legislation would make the perpetrators of violent crime, not the victims or their families, the beneficiaries of an act of Congress.

I don't think you are going to find a single prosecutor anywhere in America that supports the habeas corpus provision in the House bill as it stands right now.

We think it is a bill that is pro-criminal and is not an anticrime package.

Finally, Richard Thornburgh, Attorney General of the United States, the Nation's chief law enforcement officer said, "Under the bill as it is coming to the floor, it requires two aggravating circumstances," if you are going to have someone put to death for assassinating the President of the United States. That means you cannot just shoot the President of the United States or stab him, you would first have to torture him, then shoot him or stab him before the perpetrator would end up getting the death penalty. That is absolutely ridiculous.

This bill also in its death penalty provisions would exempt the blowing up of an airliner that could kill 200 or 300 people. I have called that portion of the bill the PLO protection act of 1990. There is no rational reason to let airplane bombers off from the death penalty, but the liberals who control the House Judiciary Committee have no trouble doing that, and I am sure the Civil Liberties Union would think that is a neat idea as well.

But here is one that even they might be troubled over, murdering a civil rights lawyer or murdering a civil rights worker by sending a bomb through the mail. That will not get the death penalty even when you kill somebody, and I think it should. The Gekas amendment that will be offered next week, if the Rules Committee permits it, I think will bring that rationality back to the bill.

Murdering members of families of Federal officials, murdering witnesses, all of these folks who currently under Federal law should be getting the death penalty will walk if this bill becomes law. They will go to prison, but they will not pay the price that they should pay for a very heinous crime.

When this bill comes before the House I just hope the Members of this body will listen to the Attorney General, the U.S. attorneys, the attorneys general, the district attorneys, and the U.S. attorneys because these are the guys and gals out on the firing line that have to enforce the law. When they say we would be better off if we did not pass this thing than if we pass it, that should be telling the House something. Even the House liberals ought to think very carefully about voting for this so-called anticrime bill, because actually this bill will do more to help get our cities unsettled and to increase murder in this country than any single act we can do.

I am certain that we will be offering a number of amendments, and I certainly hope the amendments prevail.

ALTERNATIVE ENERGY AND FUELS IN AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas [Mr. ALEXANDER] is recognized for 5 minutes.

Mr. ALEXANDER. Mr. Speaker, I am here today to join my friend and colleague, the gentleman from Missouri [Mr. VOLKMER] in a special order which I will not be able to be present during, but I would like to compliment the gentleman from Missouri for taking the initiative to address the question of alternative energy and alternative fuels in America. He recalls as I do back about 10 years ago when we established a commission, the National Alcohol Fuels Commission, on which I was privileged to serve as a member, that outlined a plan for alternative fuels in America which, if followed, would have eliminated the necessity of sending United States troops to Saudi Arabia.

Simply put, we abdicated our responsibility in the national energy area. We failed in that responsibility, and as a result we are spending $15 billion a year for operational costs just to keep our troops in Saudi Arabia for the purpose of protecting the oil supply. We can dress up the reasons. We can talk about grand design, a new world order. But back where I am from in Arkansas we know that the real reason our troops are in Saudi Arabia is to protect the oil supply.

I am trying with others to determine the real cost of that supply, and I will include an editorial published in the New York Times that estimates the real cost of oil at about $80 a barrel. I have asked the General Accounting Office to estimate those real costs, and some of the data Members might be interested in are as follows: We consume as a Nation about $100 billion of gasoline annually. We get about 25

percent of that gasoline from Saudi Arabia. It costs us in capital costs, in defense costs about $100 billion a year to keep, to prepare, to defend that oil.

So just with that simple data it costs us about $4 a gallon at the pump to subsidize or defend the cost of that gasoline getting to the pumps in the United States. Thus the real cost of fuel at the pump, it is about $1.25 at the pump and about $4 for the military escort.

We will try to estimate those costs and quantify those costs in a way that the American people deserve to have, and we hope very much to expedite that study.

I would like to mention one other thing. I compliment President Bush for confessing the failure of the last decade and for asking the Congress to present conservation measures. One such conservation measure is possible under the Clean Air Act which calls for about 2.7 percent oxygen content in all automotive fuels. That is by weight, and it is equivalent to about 10 percent by volume. If we should pass that and apply it to all transportation fuels, it would reduce our dependence on foreign oil by 10 billion gallons a year.

Those are the kinds of things that we can do in the Congress. Those are the kinds of initiatives that will lessen the need for sending troops to Saudi Arabia to protect the oil supply.

In effect, what we are saying here is that for less than a third of the cost of keeping our troops there, we can have a national energy policy and bring those troops home. I compliment the gentleman from Missouri [Mr. VOLKMER] for taking this initiative today.

□ 1810

THE GREATEST RISK IS GLOBAL WAR OVER OIL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. RITTER] is recognized for 5 minutes.

Mr. RITTER. Mr. Speaker, while nearly 100,000 American service men and women are in the Saudi Arabian desert or in its waters about Kuwait, we here at home have some really hard thinking to do about the risk that we are subjecting our service men and women to, and we have to do some really hard thinking about where we have been on the production of American energy since the oil shock of 1973, and when OPEC cut off supplies, or the Iranian oil crisis of 1979, when Iran shut off supplies.

Where have we been to avoid this crisis in the Middle East today? And If we think about it, we have not really been anywhere. We have not gone very far. Those crises back in the 1970's were tough; I mean, there were gas lines, and that was painful in a way, and there was a lot of inconvenience and it cost people money, and the policies caused shortages perhaps. But what we experienced in 1973 and 1979, is minuscule to what is happening today.

Today now we find that Iran is not going to respect the embargo and the United Nations sanctions, that Iran is going to work a deal with Iraq to transship oil for food and for medicine and whatever it takes to break the embargo. Iran feels they can make a lot of money on this. I guess, whatever the new ayatollahs think over there, I never could understand their line of reasoning, but the bottom line is this: the crisis we face today, the risk we face today with hundreds of thousands of American young men and women on the front lines is far different and far greater than 1973 and 1979. We are risking global war over oil to some very large extent because we did not do our homework and learn from the 1973 and 1979 crisis years.

What do I mean by that? Well, for starters, I mean that we seem to have turned off the oil spigot in the United States. We have taken our own potential for continental production and kind of put it out of the picture, and when it comes to offshore oil, we have considered the environmental risks of going offshore, the California coast or other coasts, we have considered those risks essentially greater than the risk of global war over oil. Think about it. We have considered the risk to the environment of high-technology, very sound processess of taking oil out of the North Slope and the ANWR in Alaska, we have considered that risk greater than the risk of global war over oil. That is what we essentially have done with our energy policy in the past decade.

Then take coal. We have not moved nearly fast enough forward with substitution of coal and the electricity it produces for those uses in our economy of oil. There are many areas where you can take electricity and substitute it for oil. We have not done that. As a matter of fact, we have built very little in terms of new electric-generating capacity in the 1980's and, as a matter of fact, the environmental problems that stem from oil-fired gasoline-burning engines could be mitigated somewhat with electric vehicles, but those electric vehicles at night will have to plug into some outlet at home, in someone's garage. It is going to need vast new quantities of electricity. That would be one way to help the Los Angeles Basin over its problems with smog.

But, no; the anti-central-generated-electricity movement has seen to it that we have put on line very little additional generating capacity.

Then we get to nuclear energy. I ask you: Is the risk of nuclear energy where not one person has ever died in the peaceful uses of atomic energy, where there is no air pollution in nuclear-generated electricity, where we responded very well to the problems of Three Mile Island and came back with a far safer nuclear alternative, no, it takes 14 years to license a powerplant. One cannot finance a powerplant in this country because of the interventions along the way and the time it takes. It is simply priced out of the market.

There is an interesting individual case in point which I would like to close with, and that is in the New York City metropolitan area. My colleagues, ladies and gentlemen, in the New York City metropolitan area there is a facility, a $5.5 billion electric generating facility, called the Shoreham nuclear powerplant, invented in America, made in America, American jobs, American technology, paid for initially in the Manhattan project by the American taxpayer, there is this $5.5 billion electric generating capacity which can substitute for oil, which is clean, which is kept out of production, which is kept down. There is an attempt to dismantle it by the Governor of the State of New York while New York State and New York City, in particular, is one of the biggest importers of Middle Eastern oil. So think of the decision. The decision has been made to shut down Shoreham by the Governor of New York State, Mario Cuomo. The decision has been made to shut down the facility in the face of massive oil imports by New York City from the Middle East for electricity, yes, to produce electricity. The decision has been made to risk essentially hundreds of thousands of American lives, global war over oil by those who refuse to produce American energy.

The greatest risk of all is not nuclear power or coal or offshore drilling or the ANWR's drilling. The greatest risk of all to our health, to our lives, to the environment is global war over oil.

PYRO MINING CO. TRAGEDY—1 YEAR AGO TODAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kentucky [Mr. HUBBARD] is recognized for 5 minutes.

Mr. HUBBARD. Mr. Speaker, earlier today my colleague and friend Congressman RON MAZZOLI reminded us that 1 year ago tomorrow—September 14, 1989—a crazed gunman killed eight employees of Standard Gravure Corp. in Louisville, KY, and injured 13 others before killing himself.

Well, just 1 year ago today—September 13, 1989—an explosion shook Pyro Mining Co.'s William Station Mine near Wheatcroft, KY, in my congressional district, and claimed the lives of 10 miners. Today, 1 year later, we are still feeling the aftershock of that tragedy.

This past Sunday, the Courier-Journal, Kentucky's largest newspaper, published excellent articles that focused on the pain and loss felt by the families of the victims of this terrible accident. These news and feature articles were written by Fran Ellers and Robert Garrett of the newspaper's staff. All of us in western Kentucky have been affected by this loss.

I congratulate the news media in Kentucky and in nearby Evansville, IN, for their attempts to educate the public with regard to what took place at the William Station Mine on September 13, 1989. Coal mining is critical to Kentucky's economy, and every citizen should know about safety and health conditions in our mines.

Moreover, those of us in Congress share a unique responsibility to learn exactly what took place at this mine and what actions we can take to avoid such accidents in the future. Miners, whether they are involved in coal mining or the mining of some other mineral or commodity, can be found all across these United States.

Since the explosion at Pyro Mining Co., 18 other coal miners have lost their lives in mining accidents in Kentucky, including three miners who died in a single explosion at Big Mama Coal Co. in Knox County, KY, on July 31 of this year.

Under the provisions of the Federal Mine Safety and Health Act of 1977, we in Congress look to the Department of Labor's Mine Safety and Health Administration to enforce safety and health standards in the Nation's mines. Without that agency's constant vigilance, the men and women who work in these mines remain vulnerable to the type of senseless tragedy which occurred at the William Station Mine.

I applaud the recent actions taken by the Mine Safety and Health Administration to improve enforcement in the Nation's mines. However, I still believe that more must be done.

It is to that end that I draw your attention to special oversight hearings that will be conducted by the House Education and Labor Committee's Subcommittee on Health and Safety with respect to the Pyro Mine disaster. These hearings will take place in the Rayburn House Office Building on Thursday, September 27, and I am grateful to have the opportunity to take part in the hearings at the invitation of the subcommittee's chairman, my friend JOE GAYDOS of Pennsylvania.

Hopefully, through these oversight hearings we will be able to best ascertain what actions we need to take to make certain that an accident of this nature does not repeat itself, in western Kentucky or your home State.

Finally, I would like to congratulate a member of the congressional staff representing Kentucky's First Congressional District, namely Joey Lucas of Lancaster, KY, for his efficient and diligent work toward seeing to it that our Nation's mines are safer. Also, Joey Lucas, a 29-year-old projects director in our office, has been very helpful to the families of the 10 deceased coal miners who died 1 year ago today at William Station Mine, Wheatcroft, KY.

□ 1820

DEBATE NEEDED ON NATION'S ENERGY SECURITY

The SPEAKER pro tempore (Mr. MCDERMOTT). Under a previous order of the House, the gentleman from New York [Mr. WEISS] is recognized for 5 minutes.

Mr. WEISS. Mr. Speaker, when President Bush addressed Congress last Tuesday night, I listened with interest when he said, "Americans must never again enter any crisis, economic or military, with an excessive dependence on foreign oil * * *."

Such an admission from the President was curious. Although he voiced concern about our energy dependency, his proposals to reduce our dependency left something to be desired.

It seems one of the important lessons of the energy crises of the 1970's must be relearned—that of energy efficiency. The President mentioned energy conservation Tuesday night, but then he breezed on to discuss domestic oil drilling.

Such an oversight on the President's behalf was discouraging. In short, one issue that screams for attention from the Persian Gulf crisis is how rudderless the United States is in terms of long-term energy use strategy, much less energy independence.

Unfortunately, the energy efficiency and conservation measures gained in the 1970's were neglected during the 1980's for the seductive lure of cheap oil. Congress and the Reagan and Bush administrations slashed and burned our energy conservation and renewable energy programs. In fiscal year 1990, these programs have been reduced from their 1980 funding levels by 40, 50, and sometimes 60 percent.

Energy efficiency and conservation cannot be overemphasized. It is important for national security, economic stability, our environment and our health. An article in the Wall Street Journal points out that energy efficiency is a high priority for the national and economic security of many industrialized nations, especially Japan. As the Journal reports, "No country was harder hit than Japan by the oil shocks of 1973 and 1979. And no country subsequently insulated itself better from the vagaries of world oil markets."

In the midst of the Persian Gulf crisis, it is opportune to revisit the issue of energy efficiency and to focus on achieving a comprehensible, reasonable strategy for long-term energy use.

That's why I intend to propose legislation that calls attention to our energy problems. The bill would test the congressional waters, so to speak, for a proposal to request that President Bush call for a energy summit, much like the education summit held last year. As I see it, such a summit would be a national forum for the discussion and establishment of natural energy goals.

I envision a primary purpose of the summit is to develop national goals for the use of renewable and nonrenewable energy resources by the year 2000. It could be a forum for addressing national energy problems, prioritizing them and offering solutions to them. Just as the education summit established national goals for American education, the energy summit would come forth with general policy goals regarding foreign oil, domestic natural resources, and the role of the Federal Government in conservation—to name just a few policy areas. To be sure, I am by no means limiting the discussion to these issues.

I would like to briefly address the concern that some of my colleagues might have about the Department of Energy's national energy strategy, which is due to be released in December. The energy summit is not an attempt to short circuit the national energy strategy. On the contrary, the summit could be used to spotlight the plan and to integrate it into overall policy goals.

I encourage my colleagues to join in the discussion about our Nation's energy security, to offer ideas and to help direct the Nation's long-term energy use strategy. Most of all, I look foward to a sustained debate and concern about America's future energy use. One thing remains sure. Our energy woes certainly will not be resolved with the direction and preoccupations of our current energy policy.

RACING FOR CONFIDENCE: WILLIAM OLSON AND 52 ASSOCIATION

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York [Mrs. LOWEY] is recognized for 5 minutes.

Mrs. LOWEY of New York. Mr. Speaker, when we passed the Americans With Disabilities Act earlier this year, we took a major step to help the disabled to fulfill their dreams, to achieve everything that they hope to. In Westchester County, NY, William Olson and the members of the 52 Association are striving to help achieve that same end.

The 52 Association, an organization based in Ossining, NY, helps the disabled with their Confidence Through Sports Program. Eight thousand amputee, paraplegic, and blind vet-

erans and handicapped civilians come every year to the 52 Association's 41-acre sports center to strengthen confidence in themselves—to prove that handicaps aren't obstacles to full and meaningful lives.

Tonight, Regatta 52 is honoring Mr. William Olson—the chairman, president, and chief executive officer of People's Westchester Savings Bank—at their annual medal of honor dinner. He is being rewarded for his commitment to improving the quality of life for all, particularly for the handicapped. It is a reward he truly deserves.

It's not surprising that Mr. Olson is being given this honor. His commitment to public service, his tireless dedication to serving our Westchester community, is too great to go unnoticed. Besides his work with the 52 Association, William Olson has served as president and director of Phelps Memorial Hospital and of Westchester Residential Opportunities. He was chairman of the 1982 Summer Jobs for Disadvantaged Youth Campaign, and was recognized with an award by President Reagan. He has chaired the Westchester County Association, and the Housing Task Force Committee of Westchester 2000.

His public service includes responsibilities as a director or trustee of Lyndhurst Council, Historic Hudson Valley, Hudson River Valley Association, Westchester County Historical Society, Society for the Prevention of Cruelty to Animals, Community Preservation Corporation, and the Association for Mentally Ill Children of Westchester, and other active community organizations.

The 52 Association held their annual 52 Regatta this past weekend. Fifty-two able-bodied skippers sailed as their partners—52 disabled men and women--contested the 4 kilometer race on shore. The competition was fierce but free from rancor. Every one of these competitors had won before the race even started because they were showing that no disability could stop them from striving for excellence.

I'm proud to be associated with the 52 Association, and I'm proud to represent a concerned and involved citizen like William Olson. I offer him and every member of the association my warmest congratulations. I commend their work toward making the spirit behind the Americans with Disabilities Act a reality

CENTRAL AMERICAN DEMOCRACY AND DEVELOPMENT ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. FASCELL] is recognized for 5 minutes.

Mr. FASCELL. Mr. Speaker, I am pleased to introduce today the Central American Democracy and Development Act.

This legislation is the initiative of Senator TERRY SANFORD, who is introducing identical legislation in the Senate. The bill seeks to integrate the recommendations of the report of the International Commission for Central American Recovery and Development with current United States policy toward Central America. The bill also incorporates the President's recent Enterprise for the Americas Initiative.

The report by the Commission which was established at the suggestion of Senator SANFORD and was composed of 47 members from 20 countries, makes comprehensive recommendations to address social, economic, and political problems in Central America. The Commission's recommendations are consistent with U.S. policy and should help direct U.S. priorities. Similarly, the President's recent initiative to promote trade and investment opportunities and to ease the external debt burden of our southern neighbors is an important addition to U.S. policy.

I would also like to note that the five Central American Presidents, in their June Declaration of Antigua, adopted a plan for the development and economic integration of the region. The recommendations of the Commission, President Bush's initiative, and the integration scheme of the Central Americans all point to a consensus regarding the direction of development in and United States policy for Central America.

I commend Senator SANFORD for taking the initiative in attempting to develop a consensus, both within the United States Government and with leaders of Central America, on a framework for a United States policy response to the breadth of problems confronting the countries of Central America.

This billl has been developed with the cooperation of the administration, and I hope it will receive the appropriate bipartisan support.

IRAQ EMBARGO ENFORCEMENT ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. STARK] is recognized for 5 minutes.

Mr. STARK. Mr. Speaker, the United Nations-ordered trade embargo of Iraq is our best hope for resolving the crisis in the Persian Gulf.

With our huge budget deficits, slowing economy, and S&L debacle, we can hardly afford a large long-term deployment of troops halfway around the world.

And anyway, why should we pay most of the expense? Europe and Japan import more of their oil from the Persian Gulf than we do, let them contribute their fair share.

And why should it be mostly American soldiers putting their lives at risk? Let United Nation troops protect Saudi Arabia. The whole world benefits from stopping Saddam Hussein so the whole world should help bear the burden.

That's why the embargo is our best hope. The cost is shared by everyone and there's the chance to minimize loss of human life.

But not everyone is observing the embargo. Increasingly there are reports of cracks here, leaks there. Cargo planes are flying in from Libya and Yemen. Cuba and Romania have reportedly struck oil deals with Hussein. Middlemen have set up in Cyprus and Lebanon and formed networks to move supplies into Baghdad, often passing through Jordan.

Worst of all, companies in several Western European countries are attempting clandestinely to ship goods into Iraq. And some of our new Eastern European allies are apparently trying to continue selling arms to Hussein.

I say it's time to take a stand against these cheaters who profit at the world's expense. I'm introducing the Iraq Embargo Enforcement Act. Under this legislation, any foreign company that violates the embargo is prohibited from exporting goods to the United States.

Let the smugglers try to make a few extra bucks while our soldiers sweat in the desert. They'll lose the biggest, richest, and most rewarding market the world has to offer. And they'll lose it for good.

ELOQUENT WORDS ON PERSIAN GULF CRISIS FROM HOUSE MAJORITY LEADER GEPHARDT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma [Mr. SYNAR] is recognized for 5 minutes.

Mr. SYNAR. Mr. Speaker, on Tuesday night, the House majority leader, Congressman DICK GEPHARDT, spoke to the Nation for 10 minutes about the Persian Gulf crisis and the budget deficit reduction talks. Our colleague was eloquent, strong, and faithful to the American people and the principles for which all of us stand.

In recent days, DICK has been representing the national interest by leading a bipartisan delegation to the Persian Gulf and by chairing the budget summit talks currently underway between the administration and Congress. He was, beyond question, the best qualified to talk to the Nation about both of these issues.

Congressman GEPHARDT spoke with pride about the leadership role America is playing in the Persian Gulf crisis. He commended President Bush for organizing international resistance to Iraqi aggression, and called the United States "the only power capable of summoning a grand and global alliance on the scale we have seen in Operation Desert Shield."

But, unlike the President, Mr. GEPHARDT forcefully made the case that America's prosperous allies, especially Japan and Germany, should make a greater contribution to our Persian Gulf effort. He said:

When countries like Egypt can stand beside us, when young Americans stand on front lines, only miles from the threat of poison gas, the least the Japanese and Germans can do is support us—and not just with words; they must respond to our potential sacrifice of lives with at least a financial sacrifice of their own.

In discussing the budget, the majority leader expressed the values of our party and our commitment to writing a budget that fairly treated working Americans.

"To help the President write a budget," said Congressman GEPHARDT,

We Democrats have offered cuts in domestic programs while trying to protect the most important ones. But we will never abandon the cause of working families * * * They already pay for government, their student loans have already been cut, and their sons and daughters are at risk in the Persian Gulf.

I would like to share with all Americans the eloquent words and forceful ideas of our colleague, DICK GEPHARDT. I ask unanimous consent that the entirety of his address be inserted in the RECORD at this point.

HON. RICHARD A. GEPHARDT, HOUSE MAJORITY LEADER, REMARKS TO THE NATION, SEPTEMBER 11, 1990

Good evening.

I have been asked to give the Democratic response to the President's speech. But tonight, in this crisis, we are not Republicans or Democrats. We are only and proudly Americans.

The President has asked for our support. He has it. The effort will not be easy; it involves burdens and bravery, perhaps more of each than any of us can now predict. The end of what John Kennedy called "the long, twilight struggle" has not put an end to the darkness of aggression and conflict.

Yet as Americans, we enter this new world with a remarkable degree of purpose and confidence. Here at home the sense of unity and the absence of widespread opposition to this action in the Persian Gulf testify to our powerful, instinctive feeling that this is a cause worth standing and fighting for.

We are standing—and if necessary we will fight—because a vital national interest is at stake. We cannot and will not permit the invading forces of a fanatical regime to control half of all the oil reserves which are the lifeblood of the world economy.

Yet more is involved here than national interest, as important as that is. There has been, and there always should be, a moral component of American foreign policy. This has sometimes been criticized as weakness; in truth it is our greatest strength. When our policy has a moral center, we gain the unbreakable resolve that comes from standing for things we believe in.

So we are now in the Persian Gulf not simply for oil, or to save emirs and kings—but to defend the most fundamental values of a more stable and decent world. We are defending basic rights—of families to be safe in their homes, of nations to be secure within their borders, of individuals to travel freely and without fear.

The tyrant who rampaged into Kuwait has also murdered his own citizens with poison gas, plotted to acquire nuclear weapons, waged genocide against a minority people, and now taken hostage thousands of men, women and children.

To watch him on television touching the head of a hostage child stuns and then outrages us.

Firmly, clearly and unequivocally, we must say to Saddam Hussein: Let our people go. Let Kuwait go. And if you start a war, know that we will finish it.

We have learned before that the large conflicts which engulf the world begin from small and unanswered aggressions. If the civilized world had looked the other way, the Iraqi war machine could have rolled across the Arabian Peninsula. It would be only a matter of time until Iraq had ballistic missiles with chemical, biological and nuclear warheads that could reach Israel, Egypt and Europe itself.

But this time, other nations have acted in time.

Among them is the Soviet Union, a nation we did not often praise in the years of the Cold War. From the summit at Helsinki, where President Gorbachev and President Bush stood in common purpose, we could see beyond the present shadows of war in the Middle East to a new world order where the strong work together to deter and stop aggression.

This was precisely Franklin Roosevelt and Winston Churchill's vision of peace for the post-war period. Their hope, suspended in time for fifty years of Cold War, has come alive in this new, post-Communist era.

America is still the leader—the only power capable of summoning a grand and global alliance on the scale we have seen in Operation Desert Shield. But it is not enough for other nations just to share our commitment. They must also share the burden.

When Bangladesh is putting troops in harm's way, so should our powerful and prosperous allies.

When Japan, Germany, and other NATO countries depend far more heavily on Mideast oil than we do, they can and should contribute to defend their own vital interests in the Persian Gulf.

When countries like Egypt can stand beside us, when young Americans stand on front lines, only miles from the threat of poison gas, the least the Japanese and Germans can do is support us—and not just with words; they must respond to our potential sacrifice of lives with at least a financial sacrifice of their own.

We are there because it is right. But it is also right to tell our friends that they, too, have to stand up to international immorality and aggression. The United States will do its part—and we will also insist that other countries carry their share of the struggle.

We have not finished the job, but how powerful are the signs of a new world coming. Today we can see Egyptian or Saudi troops wearing Hungarian gas masks or carrying Russian rifles, standing guard in the desert next to a PFC from Pittsburgh who is wearing a chemical-proof suit made in Israel. The infamy of Saddam Hussein has made us United Nations in deed as well as name.

But ultimately, for America to lead the world, we must put our own economic house in order. For as another American president reminded us, "We cannot be strong abroad if we are weak at home."

For a decade America has been left with no real energy policy at all. It is time for energy security—more production, more conservation, more support for new forms of fuel. But our aim cannot be to make America safe for isolationism. Rather we must secure America's capacity to act overseas without maximum damage from oil embargo. This nation must not be permanently faced with a choice between standing up against aggression or standing still in gas lines.

Economic strength also demands action on the budget deficit.

To help the President write a budget, we Democrats have offered cuts in domestic programs while trying to protect the most important ones. But we will never abandon the cause of working families. They benefitted the least from the decade of the 80's; they should not have to sacrifice the most in the decade of the 90's. They already pay for government, their student loans have already been cut, and their sons and daughters are at risk in the Persian Gulf.

The standard of fairness should also be applied to President Bush's commitment to raise taxes. The working people who got almost nothing from the tax cuts of the past must not be asked to pay most of the tax increases of today. Just as we must ask wealthy nations to pay their fair share to deter aggression, so we must ask wealthy Americans to pay their fair share to prevent recession and reduce our debts.

Beyond this, we must be vigorous in shaping the defense policy that we now need—one that is more relevant and more responsive.

We can and will afford weapons critical to efforts like Operation Desert Shield: tanks, precision missiles and fast sealift.

But Star Wars, the B-2 Bomber and the M-X Missile are costly systems designed for a Cold War that we have already won. We can and must reduce the part of the Pentagon budget that is nothing more than shadow-boxing with the past.

But for all of us tonight, our deepest concern is for the most fundamental realities—the hundreds of American families with a loved one held hostage—the hundred thousand young Americans in uniform: daughters, sons, husbands, wives and friends, who have been so swiftly sent to Saudi Arabia. A few days ago on a trip to that country, I saw them transforming the trackless desert sand into the frontier of international defense.

I spoke with a soldier who described telephone lines melting in the Saudi sun. Pilots told me of cockpit temperatures reaching 140 degrees.

There was another young man who was supposed to be married next Sunday. But his wedding must wait. Before toasting his bride, he will be drinking six to seven gallons of water each day just to survive the unyielding heat.

None of the young men and women I met doubted their mission. They react to such problems as sand blowing into a machine or a gearshift with that remarkable American sense of ingenuity; they respond to frustration with that irreverent American sense of humor. They worry most about their families worrying about them.

Randy King of Arkansas handed me a scribbled note for his mother: "Doing fine. Having no problems. Please write. Love ya, Randy."

And Ronald Lloyd of Idaho spoke for most of the troops when he asked me to tell his family to "send stamps and cookies—and plenty of both."

Their courage commands our support. We will stand behind them as one, indivisible nation.

We will challenge other countries to match their resolve and sacrifice.

We will insist that to ignore aggression is to invite aggression.

We will try to solve this crisis peacefully, but without appeasement.

And if our soldiers have to fight, we will make sure they win.

Tonight that is our common purpose and our prayer—for them—and for our country.

TIME FOR THE LAW TO BE ENFORCED AND OBSERVED

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Maryland [Mrs. BENTLEY] is recognized for 60 minutes.

Mrs. BENTLEY. Mr. Speaker, American patience is wearing thin with Japan as its people go through their routine of stalling on infringement of American patents along with other actions I won't mention here.

What is distressing is this behavior is nothing new. You would think our Government would have learned by now how to deal with the Japanese other than giving in to them.

An almost identical situation took place 20 years ago. When our trade deficit with Japan was a mere $3.5 to $4 billion. To try to remedy that small

deficit, President Nixon met with Prime Minister Tanaka in Hawaii. The reports coming out after the meeting was that the Government of Japan would liberalize allowing improved investment opportunities in retailing, processing, and packaging as well as the decision to allow greater sales of American computer products in Japan.

We all know how long those agreements have taken. I thought I was reading about this year's structural impediment talks instead of a news clip from 20 years ago.

I mention this to show that what our United States companies are encountering is a long-term behavior of the Japanese Government. The Americans negotiate and then we wait.

The latest example of Japanese stalling and feinting with patents is the Allied-Signal case charging Japan with patent infringement of their amorphous metals process. Theirs is but one of the long list of complaints from American companies.

In the spring Allied-Signal filed a 301 unfair trade violation against the Japanese but agreed to a 150-day postponement to allow our Trade Representative, Ambassador Hills, to negotiate a settlement of their complaints. The 150 days are up and nothing is settled so far.

It is imperative that we now move forward swiftly with a 301 unfair trade investigation. The Allied-Signal process is not only important financially to the company but, it is also valuable to the commerce of the United States.

That amorphous metals process represents for Allied a potential $1 billion world market in transformers and more than $2.5 billion for other applications. Japan has been stalling every way it knows for 14 years to give Japanese companies a jump start on this American process—and of course on the $3.5 billion world market.

Allied-Signal has built the world's first commercial plant to manufacture amorphous metal alloys. Allied has been stymied selling in Japan although it has entered a joint venture with Mitsuiti. Even a joint venture is no guarantee for Japanese acceptance of an American product in Japan.

For years we have been hearing that Japan's patent process is rigged in favor of their own companies getting an advantage on pending American patents. A 301 investigation with Allied's claims should be most informative to us on just how the Japanese system is working.

Some of Allied's complaints are the following:

One, Japan organized and funded a 34 company Amorphous Metals Group under the Japan Research and Development Corporation to speed development of a Japanese product to compete with Allied-Signal. Through this government agency, the Research and Development Corporation has given large subsidies to Japanese steel companies to develop amorphous metal production.

Two, Japan manipulated its patent system so that it took 11 years for Allied-Signal's basic patent to issue. Allied-Signal has just 3 years of effective life remaining on its patent.

Three, the Japanese Government pressured Allied-Signal to license its proprietary technology to Japanese companies on unreasonable terms, backed by the threat of government aid to help evade the company's patents.

Four, the refusal by all Japanese electric utilities to buy imported amorphous metal for transformers despite its clear superiority.

All of this has been done under the overall direction of the Ministry of International Trade and Industry, be better known as MITI and other agencies of the Japanese Government. It is obvious that they never intended to deal fairly with Allied, although a subsidiary of the company has done business there for 30 years.

All the Government asks, and all Allied asks is to be dealt with fairly on a level playing field. This is not fair trade nor is it free trade. In this country, neighborhood bullies act better than Japan has toward Allied-Signal.

The reason for this behavior by the Japanese is not only the $1 billion market but that the amorphous metals process is one of the keys to America's future competitiveness.

The Commerce Department's 1990 Industrial Outlook describes advanced materials—amorphous metals, fine ceramics, carbon fibers, and engineering plastics—along with biotechnology as the key to any nation's future global competitiveness.

That statement is something we should pay attention to, and it certainly underscores the importance of the Allied-Signal process.

Allied's amorphous metal alloys are marketed under the name Metglas, and which is used in the cores of electronic transformers to reduce energy losses by 70 percent.

In Japan this would save oil and electricity and be a tremendous benefit to the consumers. The cost in oil expenditures alone would save $625 million per year and would eliminate the need to build two 750-megawatt nuclear plants.

This should be a boon to Japan which is dependent on the Middle East for 70 percent of its oil. The savings from Allied's process would certainly amount to more than the $2 billion that Japan now says it will contribute toward our efforts in the Persian Gulf.

While we are involved in the gulf, Japan continues to target this process as a strategic marketing area for Japanese business. We hear charges from them that American business will not spend the money for research and development and our businessmen are lazy.

Well, not in this case. Allied-Signal has invested $200 million in this technology and more than 15 years of research and development. They have earned the right to their patent.

This story is repeated by other companies but the Japanese Government continues to stonewall on all of their complaints.

Japan has manipulated patents and practiced market exclusion for Go-Video, the Arizona VCR double-deck manufacturer, Micro-Power systems, Fiberview, Therma-Systems, and the list goes on and on.

What the Japanese are doing is gobbling the minnows and then they will move on the larger fish. Allied-Signal is a larger fish. It is 28th of the Fortune 500 companies which are used to make up the Dow Jones Industrial Average and, has assets of $12 billion. It is definitely not a minnow. So if it happens to a big company, where else can it happen?

Well, it can happen to an American company in Japan or here in the United States regardless of its size if the company has a product the Japanese desire, particularly if it is a strategic company affecting an industry.

A good example of patent infringement by the Japanese and how they stalled an American business is the Go-Video case. This Arizona company is the manufacturer of the double-deck VCR—and they are the only American company making VCR's. Go-Video reacted to the obstacles and stalling by the Japanese by suing the major Japanese trading companies.

At one time the Japanese began marketing double-deck VCR's and actually sold some sets to another country, but Go-Video's attorney Joe Alioto stopped them. Go-Video owns the world patent on the dual-deck VCR's.

Then the Japanese took another tact. In good faith the Go-Video executives responded to an invitation by NEC to go to Japan and discuss their venture.

After the meetings in Japan, they thought they had a deal to buy parts from the Japanese to make their machine. No such thing. NEC had entered a "voluntary restraint agreement" not to manufacture or sell components parts, and collectively to boycott the American dual-deck VCR and prevent the VCR from being sold in the United States.

According to the CEO of Go-Video, the ringleaders of the boycott, EIAJ-NEC, Sony, Panasonic, Sanyo, JVC, and Sharp—"effectively denied Americans the choice of what VCR features they could purchase."

That may not sound so important but VCR's play a big part in our trade deficit with Japan. VCR's account for

approximately $5 billion of our trade deficit. In the past decade Americans have purchased 80 million VCR's. We sell 33,000 VCR's a day in the United States and none of them are manufactured here.

So the dollar stakes are high in this case both for the United States and Japan, but the United States interests are well represented by the executives at Go-Video.

I have spoken before about the gallant young men, Terry Dunlap and Eric Schedeler, who run this Arizona company.

They, like Allied-Signal hung tough with the Japanese although Go-Video is just a small company and not a global entity like Allied-Signal.

Go-Video went to court, and just recently received a court date for the charges of a trade conspiracy against Matshushita Electric, Sony, NEC, and others.

Can you imagine what a David and Goliath fight this is? What a show in the best of American tradition of fighting for your rights.

This small company, just getting started with its VCR, has named the Japanese trade giants in conspiracy charges and they now must stand trial in Phoenix, AZ. Now conspiracy is an interesting word.

Isn't that what Allied-Signal has been saying in a different way about the Japanese Government coordinating actions against it and its patent process? Other American companies have the same experience.

Therma-Systems of New Jersey did business with the Japanese for several years, only to find its patented hospital trays were duplicated by a Japanese company. After being praised for the quality of its product for 5 years, Therma was told overnight by its Japanese partner that its trays were not as good as the quality of the Japanese copies.

What happened was its patented process was infringed upon. After the Japanese learned everything that was needed they threw out Therma-Systems.

These cases are a case study in Japanese domination of an industry through illegal activities. I quote now from Terry Dunlap's testimony before the Republican Task Force on Technology Transfer of which Congressman FRANK HORTON and I are cochairmen.

Mr. Dunlap stated,

> The so-called "Japanese Miracle" has been accomplished over and over by the reformation of the Japan pre-war zaibatsu, which secured advanced technology from American companies under the guise of cooperation—then eliminate all competition through patent pooling, dumping, and complete disregard for antitrust laws in both countries.

He went on to explain.

> You see, the American electronics industry, like others around the world, has fallen prey to such Japanese cartel practices as price-fixing, patent and technology pooling and other illegal trade practices. The cartel meets regularly to decide collectively what products American consumers will be allowed to have * * * In these secret meetings, they and they alone choose which companies in Japan will make those products for American households.

At that same hearing Ken Cole of Allied-Signal testified to the effect of these practices. He said,

> Unless Japanese markets are opened to Metglas alloys now, a familiar pattern will have been established that will be impossible to break. We must establish the rules now or, for American companies that invest to compete in the global market with advanced technologies, the game will be over before it begins.

For those reasons just stated, and what has happened to Allied-Signal I believe a 301 investigation should be pursued vigorously by the U.S. Trade Representative. As part of the Executive Office of the President, our Ambassador should be able to win this one for the United States.

We must win this case. We can be tough and fight the good battle, but that is not good enough. The name of the game is winning. There are no prizes for second best in this economic war with Japan.

Mark Shields wrote in a recent Washington Post article, "The gold rule of international finance continues to prevail: He who has the gold rules."

Well, the way to have the gold is to win control of the strategic industries and, it is winner takes all in market dominance. Either we have the jobs, the jobs, the tax revenues, the opportunities for our citizens to do better, or we work for someone else.

As Akio Morita, chairman of Sony, said in his New York speech last year, "A service economy does not drive the engine of a country. You must have value added manufacturers."

That means some strong basic industries. The companies I have discussed together contribute to those strong basic industries. Some of them are in high technology and some are in the industries of the future.

Allied-Signal's amorphous metals process is one in both areas. As the Commerce Department stated, amorphous metal alloys is one of the key industries for our global competitiveness.

There is no giving in on this one. The trade negotiators at USTR must win this for the United States.

Our future rests with this small band of young trade warriors. We should wish them well, and let them know that all eyes are on them now, because all Americans will pay the price if they lose. It is up to them.

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WHAT WOULD HARRY TRUMAN SAY ABOUT OUR U.S. ENERGY POLICY?

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

Mr. VOLKMER. Mr. Speaker, I have taken this special order to highlight the need for a consistent energy policy at a time when this country is again feeling the effects of an energy crisis.

A number of my colleagues will be joining with me in this discussion and I appreciate them sharing their expertise on energy policy, alternative fuels programs, coal liquefaction, electric car technology, wind and solar energy, and conservation programs. What is said here tonight will be very helpful in focusing this nation on the need to commit to a long term energy policy.

At present, administration leadership in this area is lacking. Last Tuesday night when the President spoke to the American people before a joint session of Congress, he devoted less than 12 lines to developing our energy sources and increasing our conservation effort. It took less than 30 seconds time and that is not a national commitment.

To further illustrate the point that we need more Presidential commitment to energy independence let me point out that this special order on energy independence occurs 45 years after the end of World War II, a war which on the part of the Germans was fought with a military machine fueled by synthetic fuels derived from coal liquefaction and gasification technologies.

At the end of the war, American scientists began to build on that German technology with a research and demonstration project in Missouri. However, in the 1950's the Eisenhower administration shut-down the coal liquefaction plant at Louisiana, MO, because the availability of cheap oil and gas raised questions about the commercial viability of these synthetic fuels—in brief the big oil companies objected to the competition and flooded the American marketplace with oil and scuttled the fledgling synthetic fuels program.

In 1980, following two more energy crises in 1973 and 1979, President Carter and Congress passed legislation and established research and demonstration programs and promoted coal liquifaction and gasification plants. By 1981, the new Reagan administration agreed with the big oil companies that there was no need for experimentation with exotic energy sources and over the next 3 years the guts of alternative fuels program ground to a halt.

Today there exists an oil shale plant in Colorado, a windmill farm for electric power exists near Barstow, CA, and a goal has not been encouraged. The geothermal program is shutdown and solar energy program is defunct. The electric car program is not funded. The United States has no alternative energy source policy or program and the American people are at the mercy of foreign oil sources.

If Harry Truman were here today, I am sure he would be plainspoken on this subject and say to his assistants:

At the end of the Second World War I thought we had American scientists use German research and technology to develop an alternative fuel capability. We sponsored a coal liquefaction plant at Louisiana, Missouri to meet this problem head-on. We laid a base in the late 40's and early 50's. Why hasn't this problem been solved? Why isn't the United States energy independent? What have you been doing for the past 45 years?

While some administrations can report that they addressed the problem and developed an energy policy—other administrations have come up short. For the past 10 years this has been the case with the Reagan and Bush administrations. Alternative fuel and energy conservation programs have been downplayed and underfunded with the result that the 1980's have passed and, now in a moment of international crisis and a potential recession at home, the United States is faced with sky-rocketing gasoline and oil prices, higher fuel costs will affect employment, inflation, interest rates, winter heating costs, airline travel, automobile production, farm production cost, and so forth. The list is long and very costly, particularly since our national leaders refuse to face up to the major oil companies and develop a policy which commercializes alternative fuels and is not reliant solely on foreign oil.

Mr. Speaker, the time has come to reverse the Reagan-Bush policy of inaction and neglect and establish a policy and goal of energy independence by 2000.

In this respect, I have introduced legislation to reauthorize a number of alternative fuels and energy conservation programs. My legislation—the Commercialization of Alternative Energy Sources and Energy Conservation Technology Act of 1990—is designed to put back on the books programs which Congress started in 1979 and 1980 but which have been ignored for the past decade. Had these programs been on the books and funded as the Congress intended, our private businesses, farmers, Federal, State, and local government agencies, homeowners and individual citizens would not be faced with the sky-rocketing costs of fuel, and our American fighting forces would not be stationed in the Middle East because we would not have needed to rely on imported oil as we do under the Reagan-Bush policy. Frankly, had these alternative fuels and conservation programs been carried through the 1980's our life-style would not be threatened in 1990.

Mr. Speaker, my legislation encourages the production and use of electric vehicles by Federal, State, and local government agencies, it extends the 6-cent tax exemption on gasohol made with alcohol, ethanol—corn derivatives, it provides loan guarantees for individuals and firms building commercial refineries to liquify coal and crack oil shale, a 20-percent tax credit for equipment for businesses who use 20 percent or less natural gas or oil for heating purposes, and a solar bank to provide loans to homeowners to install solar heating devices is reestablished.

Finally, this legislation increases funding for programs providing low-income weatherization assistance, increases conservation assistance to schools and hospitals, funds a program to assist State agencies implement conservation techniques, and provides money for an energy extension service to benefit the agriculture sector.

Mr. Speaker, there will be some who object to the United States embarking on an energy independence program because it is too costly during this period of budget constraint.

In response, I would point out that the current cost of maintaining our military in the Middle East is $1 billion each month we are there—and there is no end in sight. Obviously, an energy independence program would not be this costly and it would save money in the long run.

Mr. ROE. Mr. Speaker, I am honored to join my distinguished colleague, Congressman HAROLD VOLKMER from Missouri, in this most timely special order on American energy independence.

The common denominator of contemporary society is energy. There is an energy component in every product we use, in every morsel of food we eat, in every machine we employ, and in virtually every activity of our daily lives. In fact, energy is so pervasive in our existences that we ignore its existence, that is until that energy component is threatened or altered in some way.

Over the past decade, we as a nation have spent an enormous amount of time and money trying to determine how to improve American competitiveness in the global marketplace. Somehow we have managed to disconnect that competitive quest from the availability and the cost of the energy component in the products and services we need to sell to be more competitive. The bottom line cost of a commodity is determined by how much it cost us to produce it.

The cost of energy is such a crucial economic factor that over the last 90 years of oil prices, a recession has followed each of the three major oil price rises in this century, 1920–21, 1974–75, and 1981–82.

We know that in most instances, oil is the energy resource of choice. The dramatic increase of world oil consumption can be portrayed best by two simple and stark statistics. The first 200 billion barrels of world oil were produced and consumed in 109 years. However it took only 10 years for the world to produce and consume the next 200 billion barrels. These are not judgments or opinions. These are facts. We cannot alter their reality. But it is within our power and determination to change future facts about oil consumption, its prevalence and its pace.

A rational American energy policy must accept and include another set of facts, facts that can never be changed. The fundamental determination of where the world's energy resources are located was set eons ago for this planet. Those facts and realities cannot be changed by either politics or power, now or at any point in the future.

Over half of the world's known oil resources, and one quarter of known global natural gas reserves are located in the Middle East. The United States has roughly 4 percent of world oil reserves and 6 percent of the natural gas reserves. On the other hand, the Middle East has virtually no coal resources, while America sits on more than one-fourth of the world's supply of coal.

These facts can be reduced to a simple conclusion. If the United States continues to be primarily an oil dependent economy, and most of the oil is located elsewhere, then our economic dependence translates into economic vulnerability. We learned the meaning of vulnerable overnight in 1973.

That grim, but luckily brief, period when the Middle East oil tap was turned off sent us into a 7-year search for national energy solutions. From 1973 to 1980, under the leadership of first, the Energy Research and Development Administration [ERDA], and then, the Department of Energy [DOE], we initiated numerous energy R&D programs in both alternative resources and new technologies.

Our philosophy was that future energy security could not rely on any one energy resource. A mix of diverse energy sources and technologies was the reasonable and rational way to avoid future vulnerability.

In 1980, we saw a turnabout in both energy philosophy and policy regarding private and public sector roles and responsibilities in energy development.

There was a nosedive in the funding for R&D programs related to conservation, solar, fossil, geothermal, and synthetic fuels commercialization. There was a national prejudice against nuclear power despite the proven track record of its safety. Many of those programs atrophied and disappeared, some hung on by a thread, but the energy program lost its mission and its momentum.

Mr. Speaker, it is time to change the words "American Energy Independence" from rhetoric to reality. It is time to learn this lesson for the last time, not for yet another time.

There are myriad possibilities for both conserving energy and for switching to other energy sources. We are not starting from ground zero. We developed a store-house of knowledge and experience in the years of strong and varied energy R&D programs. It's time to put the commitment back into the energy Agenda. It's time to design a comprehensive energy policy that will serve the

Nation, not a particular adminstration, only to be reversed by another administration.

Energy is the feedstock of our industrial economy. Let's not permit outside forces to determine the cost of our production and thus the competitiveness of our products. Let's not leave our energy stability open to the changing winds of some other nation's politics, or perfidy.

I want to commend my colleague, Mr. VOLKMER, for this special order on energy. I hope that it marks a turning point in our national resolve to promote American energy independence.

Mr. ALEXANDER. Mr. Speaker, I would first like to thank my friend, HAROLD VOLKMER, for arranging this special order. I can think of no more important topic than energy independence for America.

For more than 15 years, I have fought to expand the use of alternate energy, including farm-grown ethanol, in order to lessen our dangerous dependence on foreign oil, put more money in the farm economy, and prevent our foreign policy from being held hostage by the likes of Saddam Hussein.

The reasons for increasing reliance on alternate fuels and decreasing our dependence on foreign oil are many and have been stated many times. But, in providing naval escorts for Kuwaiti tankers and in mounting Operation Desert Shield, we have been presented with another striking and very compelling reason: Our dependence on foreign oil has now placed America in the position of possibly trading blood for gasoline.

Let us be honest with the American people and with ourselves. The lives of men and women wearing the uniform of this country are currently at risk because this Government has failed to formulate an energy policy which shakes off America's reliance on foreign oil.

Despite the warnings, despite the oil shocks of the 1970's, despite the experience with reflagging tankers—despite all of that and more, we refused to act while the gas tank was full.

We went about our business until an Iraqi despot forced us to yet again focus on the problem. Saddam Hussein may play a more important part in shaping this Nation's future energy policy than all of us put together.

On the whole, this situation represents a disgraceful abdication of leadership. Even when the gas tank is full, we must continue our work toward forging a new energy policy. We owe that to the people wo elected us—and to their children.

With our current addiction to oil, the decisions of a Saddam Hussein can directly affect the Nation's ability to compete in a global economy, jeopardize the jobs of our people, make it more expensive for them to even drive to and from work, dictate how much we pay for gasoline, and place the lives of American military personnel at risk.

It's just too high a price to pay.

As a long-time advocate of alternative fuels and a member of the U.S. Alternative Fuels Council, I have heard the argument ad nauseam that we cannot expand the use of alternate fuels, such as ethanol, because they are not price competitive with gasoline.

My question is: How can anyone make that statement without knowing the true cost of gasoline?

The total cost is certainly not reflected by the pump price.

What about the spending on military operations to protect the Mideast oil supply, increased health care costs which can be attributed to pollution, and the environmental damage done mainly by vehicle emissions?

We must also ask: If it were not for oil would the Egyptian debt writeoff proposal have been made?

I believe until we determine the true cost of gasoline, we will be writing the Nation's energy future in the dark. At a meeting of the U.S. Alternative Fuels Council last month, I announced that I would seek a study by the General Accounting Office [GAO] and the Office of Technology Assessment [OTA] of the hidden cost of gasoline.

The results of that study, I believe, will open some eyes.

I was interested in an article which appeared in the New York Times on September 4, which dealt with this subject. The authors of the article only factored in military and foreign aid costs and came up with an $80-a-barrel price tag for oil.

It goes without saying that when other items are factored in, the per-barrel cost will rise much beyond that figure.

Mr. Speaker, I would like to place in the RECORD the article from the New York Times. And I would also like to enter in the RECORD editorials which appeared in two of the leading newspapers in my district, the Jonesboro Sun and Batesville Guard.

These enlightened voices are most welcome in the debate over our energy future. They help shape public opinion and we must have public opinion behind us to forge a new policy on energy use in this country.

America, Mr. Speaker, can no longer be hostage to foreign oil. We must rely more on our own natural resources * * * turning to the grain fields of the Midsouth, instead of the oil fields of the Mideast for our energy supply.

You will not have to reflag grain trucks and it will not be necessary to send the military into the Nation's Farm Belt to insure the supply of raw material for our fuel.

Mr. HUGHES. Mr. Speaker, 12 years ago, I organized a solar energy conference and exhibition in Atlantic City to give homeowners and businesses the opportunity to examine solar energy equipment first hand. At the time, government, industry, and the public were earnest in their efforts to conserve energy and to utilize alternative energy sources. We were determined to reduce our dependence on imported oil and not let ourselves be held hostage to events in other parts of the world. Unfortunately, once the long gas lines disappeared, so did the commitment for such a forward looking energy policy.

Now, energy consumption in the United States is at its highest level ever. In fact, oil imports have doubled since the early 1980's. In the first 4 months of 1990, 46 percent of our oil needs were met by imports. About one-quarter of that oil came from Persian Gulf countries. The increase in oil prices immediately effected consumers. And if the price increase is sustained, the U.S. economy will most certainly be adversely affected as more resources are diverted to cover energy costs.

On Tuesday night, President Bush said, "We have moved in the wrong direction. Now we must correct that trend." Indeed, we have been moving in the wrong direction of nearly a decade. Federal energy conservation programs have been ignored and left to wither away by the Reagan and Bush administrations. The lack of leadership and programs has led to a lack of alternatives to oil.

It is the time to seriously develop a comprehensive national energy policy which will reduce our dependence on imported oil and is sensitive to environment.

The Arctic National Wildlife Preserve and the Outer Continental Shelf are not the first places to look to solve our energy needs. Exploitation of important national treasures should be our last resort—not our first—in addressing the energy security of our Nation. In the case of the Outer Continental Shelf, the oil and gas produced might last a few weeks or days at present levels of consumption. The environmental costs, on the other hand, would be high to our already heavily impacted beaches and coastline.

Conservation and efficiency must be our first priorities. After the crises of 1973 and 1977, we were committed to finding alternatives to meet our energy needs. Between 1979 and 1986, savings from increased efficiency in the United States resulted in seven times more energy than from additional capacity. Today, with energy consumption at an all-time high, the potential energy savings from conservation can be substantial. Clearly, the barriers to conservation must be reduced. And we must once again muster the will and determination to develop a long-term policy.

The Iraqi invasion of Kuwait has again demonstrated the dangers of not having a national energy policy. The time is ripe for creating a comprehensive energy policy that balances security with environmental concerns.

Mr. HARRIS. Mr. Speaker and colleagues, the ongoing tension in the Persian Gulf highlights the vulnerability of the U.S. economy because of our continued dependence on foreign petroleum to meet our energy needs. A comprehensive national energy policy with a reduced dependence on foreign oil is necessary for energy security and economic stability. As part of this national policy we need to encourage and promote clean fuels produced from American resources.

Coalbed methane is just such an energy product and can be an integral part of our national energy policy. Alabama has taken the lead in the rapid development of this clean-burning alternative fuel and related technologies. The coal seams of the Black Warrior and Cahaba River Basins offer uniquely efficient conditions for its recovery. Twenty trillion cubic feet of national gas is trapped in their ribbons of coal seams. According to the largest gas distributor for Alabama, that is enough natural gas to support its customers for the next 200 years.

I urge my colleagues to join me in encouraging the development of alternative fuels as part of a national energy policy. And assure you that Alabama will continue to contribute to the development of clean-burning coalbed methane.

GENERAL LEAVE

Mr. VOLKMER. 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. Is there objection to the request of the gentleman from Missouri?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MILLER of Ohio (at the request of Mr. MICHEL), for today, on account of medical reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. DOUGLAS) to revise and extend their remarks and include extraneous material:)

Mr. DREIER of California, for 60 minutes, on September 17, 18, 19, and 20.

Mr. DOUGLAS, for 5 minutes, today.

Mr. WOLF, for 60 minutes, on September 14.

Mr. RITTER (at the request of himself), for 5 minutes, today.

(The following Members (at the request of Mr. MCDERMOTT) to revise and extend their remarks and include extraneous material:)

Mr. ALEXANDER, for 5 minutes, today.

Mr. HUBBARD, for 5 minutes, today.

Mrs. LOWEY of New York, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. FASCELL, for 5 minutes, today.

Mr. STARK, for 5 minutes, today.

Mr. SYNAR, for 5 minutes, today.

Mr. DORGAN of North Dakota, for 5 minutes, today and 5 minutes on September 14.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. GILMAN following Mr. ACKERMAN in 1 minute speeches today.

(The following Members (at the request of Mr. DOUGLAS) to revise and extend their remarks and include extraneous material:)

Mr. SCHUETTE.

Mr. DANNEMEYER.

Mr. MCGRATH.

Mr. MACHTLEY.

Mr. MCCANDLESS.

Mr. CRAIG.

Mr. SMITH of New Jersey.

Mr. LAGOMARSINO.

Mr. PASHAYAN.

Mr. DONALD E. "BUZ" LUKENS.

Mr. BURTON of Indiana.

Mr. FRENZEL.

Mr. DOUGLAS.

(The following Members (at the request of Mr. MCDERMOTT) to revise and extend their remarks and include extraneous material:)

Mr. DORGAN of North Dakota.

Mr. LAUGHLIN.

Mr. YATRON.

Mr. MCHUGH.

Mr. SMITH of Florida.

Mr. STARK in three instances.

Mr. LEHMAN of Florida.

Mr. FASCELL in two instances.

Mr. KANJORSKI.

Mr. CLAY.

Mr. EVANS.

Mr. WHEAT.

Mr. DYSON.

Mr. LANTOS.

Mr. MANTON.

Mr. ROYBAL.

Mr. LAFALCE.

Mr. KILDEE in three instances.

Mr. JACOBS.

Mr. VISCLOSKY.

Mr. BOSCO.

Mr. OWENS of New York.

Mr. MORRISON of Connecticut in two instances.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1805. An act to authorize the Secretary of the Interior to reinstate oil and gas lease LA 033164; to the Committee on Interior and Insular Affairs.

S. 2680. An act to provide for the conveyance of lands to certain individuals in Stone County, AR; to the Committee on Interior and Insular Affairs.

S. 3024. An act to require the Secretary of Agriculture to announce an acreage limitation program for the 1991 crop of winter wheat; to the Committee on Agriculture.

ENROLLED BILLS SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 7. An act to amend the Carl D. Perkins Vocational Education Act to improve the provision of services under such Act and to extend the authorities contained in such Act through the fiscal year 1995, and for other purposes; and

H.R. 94. An act to amend the Federal Fire Prevention and Control Act of 1974 to allow for the development and issuance of guidelines concerning the use and installation of automatic sprinkler systems and smoke detectors in places of public accommodation affecting commerce, and for other purposes.

ADJOURNMENT

Mr. VOLKMER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 59 minutes p.m.), the House adjourned until tomorrow, Friday, September 14, 1990, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3878. A letter from the Export-Import Bank of the United States, transmitting the annual report of the Bank's operations for fiscal year 1989, pursuant to 12 U.S.C. 635g; to the Committee on Banking, Finance and Urban Affairs.

3879. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting notification of a proposed license for the export of defense equipment sold commercially to Spain (Transmittal No. OTC-24-90), pursuant to 22 U.S.C. 2776(c); to the Committee on Foreign Affairs.

3880. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting notification of a proposed license for the export of defense equipment sold commercially to Taiwan (Transmittal No. DTC-23-90), pursuant to 22 U.S.C. 2776(d); to the Committee on Foreign Affairs.

3881. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting notification of a proposed license for the export of defense equipment sold commercially to Korea (Transmittal No. DTC-22-90), pursuant to 22 U.S.C. 2776(c), (d); to the Committee on Foreign Affairs.

3882. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the twentieth 90-day report of progress on the investigation into the death of Enrique Camarena, the investigations of the disappearance of U.S. citizens in the State of Jalisco, Mexico, and the general safety of U.S. tourists in Mexico, pursuant to Public Law 99-93, section 134(c) (99 Stat. 421); to the Committee on Foreign Affairs.

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. UDALL: Committee on Interior and Insular Affairs. H.R. 3383. A bill to authorize the National Park Service to conduct a study of park system boundaries, and for other purposes; with an amendment (Rept. 101-695). Referred to the Committee of the Whole House on the State of the Union.

Mr. CONYERS: Committee on Government Operations. H.R. 4279. A bill to amend title 31, United States Code, to improve cash management of funds transferred between the Federal Government and the States, and for other purposes; with amendments (Rept. 101-696). Referred to the Committee of the Whole House on the State of the Union.

Mr. CONYERS: Committee on Government Operations. S. 535. An act to increase civil monetary penalties based on the effect of inflation; with amendment (Rept. 101-

697). Referred to the Committee of the Whole House on the State of the Union.

Mr. SHARP: Committee of Conference. Conference report on S. 2088 (Rept. 101-698). Ordered to be printed.

Mr. DERRICK: Committee on Rules. House Resolution 464. Resolutions providing for agreeing to the Senate amendments to the bill (H.R. 4328) to authorize appropriations for fiscal years 1991 and 1992 for the customs and trade agencies, and for other purposes (Rept. 101-699). Referred to the House Calendar.

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. FASCELL:

H.R. 5609. A bill to set forth United States policy toward Central American and to assist the economy recovery and development of that region; to the Committee on Foreign Affairs.

By Mr. GONZALEZ (for himself and Mr. WYLIE):

H.R. 5610. A bill to amend the Federal Deposit Insurance Act to remove the caps imposed on deposit insurance premiums and annual premium increases, to allow the assessment rates to be adjusted more frequently than annually, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. McCLOSKEY (for himself, Mr. FORD of Michigan, Mr. CLAY, Mr. HAYES of Illinois, Mr. GILMAN, Mr. HORTON, Mr. RIDGE, Mrs. BYRON, Mrs. MORELLA, Mr. ROBINSON, Mr. HAYES of Louisiana, Mr. WOLPE, Mr. GALLO, Mr. MYERS of Indiana, Mr. TORRICELLI, Mr. MCNULTY, Mr. LANCASTER, Mr. BARNARD, and Mr. BURTON of Indiana):

H.R. 5611. A bill to amend title 39, United States Code, to allow free mailing privileges to be extended to members of the Armed Forces while engaged in temporary military operations under arduous circumstances; to the Committee on Post Office and Civil Service.

By Mr. CONYERS:

H.R. 5612. A bill to safeguard individual privacy of genetic information from the misuse of records maintained by agencies or their contractors or grantees for the purpose of research, diagnosis, treatment, or identification of genetic disorders, and to provide to individuals access to records concerning their genome which are maintained by agencies for any purpose; jointly, to the Committees on Government Operations and the Judiciary.

By Mr. GOSS:

H.R. 5613. A bill to eliminate the 25-percent increase in pay for Members of the House of Representatives provided by the Ethics Reform Act of 1989, and for other purposes; jointly, to the Committees on Post Office and Civil Service, House Administration, Ways and Means, and Rules.

By Mr. LAFALCE (for himself, Mr. NOWAK, Mr. HORTON, Mr. HOUGHTON, Mr. PAXON, and Ms. SLAUGHTER of New York):

H.R. 5614. A bill to authorize the use of the symbols and emblems of the 1993 Summer World University Games; to the Committee on the Judiciary.

By Mrs. LLOYD (for herself, Mr. MORRISON of Washington, Mr. ROE, Mr. TRAFICANT, Mr. VALENTINE, Mr. SCHIFF, Mr. STALLINGS, Mr. BOUCHER, Mr. BRUCE, Mr. FAWELL, Mr. WOLPE, Mr. SMITH of Texas, Mr. COSTELLO, Mr. WALGREN, and Mr. BUECHNER):

H.R. 5615. A bill to authorize certain science, mathematics, and engineering education activities of the Department of Energy's research and development facilities; to the Committee on Science, Space, and Technology.

By Mr. McDADE (for himself and Mr. MONTGOMERY):

H.R. 5616. A bill to amend the Small Business Act to establish programs and undertake efforts to assist and promote the creation, development, and growth of small business concerns owned and controlled by veterans of service in the Armed Forces, and for other purposes; jointly, to the Committees on Small Business and Veterans' Affairs.

By Mr. MARLENEE:

H.R. 5617. A bill directing the Secretary of Agriculture to utilize available funding under the Export Enhancement Program and agricultural sales credit programs against competing nations which fail to reduce agricultural production during any period of time in which the United States has in effect a production reduction program for surplus agricultural commodities; jointly, to the Committees on Agriculture and Foreign Affairs.

By Mr. NEAL of Massachusetts (for himself and Mr. PORTER):

H.R. 5618. A bill to amend the Federal Prison Industries Reform Act of 1988 to provide for the creation of the maximum number of jobs for Federal inmates; to the Committee on the Judiciary.

By Mr. ROWLAND of Georgia:

H.R. 5619. A bill to authorize the Secretary of the Interior to accept a donation of land for addition to the Ocmulgee National Monument in the State of Georgia; to the Committee on Interior and Insular Affairs.

By Mr. SCHIFF:

H.R. 5620. A bill to confer jurisdiction on the U.S. Claims Court with respect to land claims of Pueblo of Isleta Indian Tribe; to the Committee on the Judiciary.

By Mr. SCHUETTE (for himself, Mr. GUNDERSON, Mr. PURSELL, Mr. DAVIS, Mr. BROOMFIELD, Mr. HENRY, Mr. VANDER JAGT, Mr. MARLENEE, Mr. MORRISON of Washington, Mr. ROBERTS, and Mr. UPTON):

H.R. 5621. A bill to encourage energy conservation among farmers, ranchers forest industry, and utilizers of wood for energy, and for other purposes; to the Committee on Agriculture.

By Mr. STARK:

H.R. 5622. A bill to impose trade sanctions against any foreign person that exports items to Iraq which would not be permitted to be exported from the United States; to the Committee on Ways and Means.

By Mr. OWENS of Utah (for himself, Mr. GILMAN, Mr. SOLARZ, Mr. YATRON, Mr. BEREUTER, Mr. BERMAN, Mr. SMITH of Florida, Mr. WEISS, Mr. TORRICELLI, Mr. ENGEL, Mr. JOHNSTON of Florida, Mr. HYDE, Mr. CAMPBELL of California, Mr. CLARKE, Mr. FEIGHAN, Mr. STUDDS, Mr. MILLER of Washington, and Mrs. MEYERS of Kansas):

H. Con. Res. 370. Concurrent resolution commending President Hosni Mubarak of Egypt; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. THOMAS of Georgia introduced a bill (H.R. 5623) to authorize issuance of a certificate of documentation for employment in the coastwise trade of the United States for the vessel *Open Return*, which was referred to the Committee on Merchant Marine and Fisheries.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 118: Mr. ANDERSON.

H.R. 733: Mr. FROST, Mr. DONALD E. LUKENS, and Mr. MAVROULES.

H.R. 857: Mr. SERRANO and Mr. PALLONE.

H.R. 1500: Mr. MANTON and Mr. BERMAN.

H.R. 1691: Mr. CONYERS.

H.R. 2037: Mr. DOWNEY, Mr. JONES of North Carolina, and Mrs. JOHNSON of Connecticut.

H.R. 2615: Mr. FISH.

H.R. 2707: Mr. TAYLOR and Mr. SCHUETTE.

H.R. 2731: Mr. FRANK.

H.R. 2786: Mr. HOPKINS.

H.R. 2816: Mr. MILLER of Washington and Mrs. LLOYD.

H.R. 2870: Mr. RAHALL, Mr. NEAL of Massachusetts, and Mr. KOSTMAYER.

H.R. 3085: Mr. KENNEDY.

H.R. 3139: Mr. ROSE and Mr. MADIGAN.

H.R. 3252: Mr. MCCRERY.

H.R. 3368: Mr. YATES.

H.R. 3690: Mr. KYL.

H.R. 3789: Mr. SERRANO.

H.R. 3842: Mr. BROOKS.

H.R. 3856: Mr. DOUGLAS.

H.R. 3880: Mr. BYRON.

H.R. 3954: Mr. STOKES, Mr. FASCELL, Mr. BROOMFIELD, Mr. HAYES of Louisiana, Mr. PENNY, and Mr. BILIRAKIS.

H.R. 3977: Mr. PRICE.

H.R. 4133: Mr. BOUCHER, Mr. GORDON, Mr. HERGER, Mr. JONES of North Carolina, Mr. PARKER, Mr. PAYNE of Virginia, Mr. PICKETT, Mr. RITTER, Mr. ROBINSON, Mr. SISISKY, Mr. SUNDQUIST, and Mr. WILSON.

H.R. 4231: Mr. WAXMAN.

H.R. 4289: Mr. FISH, Mrs. BOXER, and Mr. LAGOMARSINO.

H.R. 4345: Mr. LIPINSKI and Mr. GRANDY.

H.R. 4433: Mr. HERTEL, Mr. OWENS of New York, Mr. BATES, Mr. JONTZ, Mr. BOEHLERT, and Mr. ECKART.

H.R. 4494: Mr. LEATH of Texas, Mr. ORTIZ, Mr. PRICE, Mr. CARDIN, and Mr. BROWN of Colorado.

H.R. 4548: Mr. MARKEY.

H.R. 4622: Mrs. COLLINS.

H.R. 4690: Mrs. BENTLEY, Ms. KAPTUR, Mr. SCHAEFER, Mr. YATES, Mr. RAVENEL, Mr. JOHNSTON of Florida, Mr. KOLTER, Mr. PURSELL, and Mr. HENRY.

H.R. 4746: Mr. OWENS of Utah.

H.R. 4763: Mr. DIXON.

H.R. 4801: Mr. SHAYS.

H.R. 4994: Mr. ECKART.

H.R. 5103: Mr. DYSON.

H.R. 5104: Mr. DYSON.

H.R. 5105: Mr. DYSON.

H.R. 5125: Ms. PELOSI.

H.R. 5212: Mr. ACKERMAN, Mr. CAMPBELL of Colorado, Mrs. COLLINS, Mr. PARRIS, Mr. CLAY, Mr. BRUCE, Mr. FAZIO, Mr. FORD of Tennessee, Mr. JONTZ, and Mr. LEWIS of Georgia.

H.R. 5226: Mr. EMERSON, Mr. MARTINEZ, Mrs. COLLINS, and Mr. GORDON.

H.R. 5266: Mr. OWENS of New York and Mr. SUNDQUIST.

H.R. 5288: Mr. ECKART and Mr. JONTZ.

H.R. 5290: Mr. ECKART, Mr. FISH, and Mr. KOLTER.

H.R. 5341: Mrs. BOXER, Mr. GALLO, Mr. COURTER, Mrs. ROUKEMA, Mr. LIPINSKI, Mr. HOCHBRUECKNER, Mr. HERTEL, Mrs. MEYERS of Kansas, and Mr. RAVENEL.

H.R. 5351: Mr. PICKLE, Mr. RICHARDSON, Mr. RAHALL, Mr. WISE, Mr. COMBEST, Mr. HAYES of Louisiana, Mr. CHAPMAN, Mr. BRYANT, Mr. KOSTMAYER, Mr. CLINGER, Mr. SCHUETTE, Mr. BOUCHER, Mr. SCHAEFER, Mr. STENHOLM, Mr. GEREN, and Mr. DORNAN of California.

H.R. 5373: Mr. MCGRATH, Mr. TALLON, Mr. SMITH of Florida, Mr. VANDER JAGT, Mr. FRENZEL, Mr. SLATTERY, Mr. HOAGLAND, Mr. FORD of Tennessee, Mr. JACOBS, Mrs. SAIKI, Mr. PETRI, Mr. HUGHES, Mr. DERRICK, Mrs. COLLINS, and Ms. KAPTUR.

H.R. 5397: Mr. SMITH of Vermont, Mr. WHEAT, Mr. GILMAN, Mr. STOKES, Mr. MARKEY, Mr. FAUNTROY, Mr. DIXON, Mr. WYDEN, Mr. ATKINS, Mr. BOUCHER, Mr. BENNETT, Mr. FASCELL, Mr. EVANS, Mr. STARK, Mr. JOHNSON of South Dakota, Mr. FISH, Mr. FORD of Tennessee, and Mr. WOLPE.

H.R. 5416: Ms. SCHNEIDER, Mr. COBLE, Mr. CRAIG, Mr. SCHUETTE, Mr. PETRI, Mr. BATES, Mr. PENNY, Mr. TAUKE, Mr. SHUMWAY, and Mr. RAVENEL.

H.R. 5426: Mrs. VUCANOVICH and Mr. ECKART.

H.R. 5428: Mr. ANNUNZIO, Mr. BEILENSON, Mr. BONIOR, Mrs. COLLINS, Mr. COSTELLO, Mr. DURBIN, Mr. EVANS, Mr. FAWELL, Mr. JONTZ, Mr. LIPINSKI, Mr. MCGRATH, Mrs. MARTIN of Illinois, Mr. MICHEL, Mr. SANGMEISTER, and Mr. YATES.

H.R. 5492: Mr. ECKART, Mr. MCMILLEN of Maryland, and Mr. YATRON.

H.R. 5504: Mr. DORGAN of North Dakota, Mr. COYNE, Mr. SMITH of Vermont, Mr. BROWN of California, and Mr. MOLLOHAN.

H.R. 5536: Mr. CLAY, Mr. CONYERS, Mr. EVANS, Mr. FORD of Tennessee, Mr. KENNEDY, Mr. LEWIS of Georgia, Mr. THOMAS A. LUKEN, Mr. DONALD E. LUKENS, Mr. MCDERMOTT, Mr. MCNULTY, Mr. MARKEY, Mr. MFUME, Mr. MILLER of California, Mr. MRAZEK, Mr. OWENS of New York, Mr. PAYNE of New Jersey, Ms. PELOSI, Mr. RANGEL, Mr. ROE, Mrs. SCHROEDER, Mr. SHAW, and Mr. WALSH.

H.R. 5551: Mr. ANNUNZIO, Mr. CONYERS, Mr. BATES, Mr. JOHNSON of South Dakota, Ms. KAPTUR, Mr. ALEXANDER, and Mr. LEWIS of Georgia.

H.R. 5563: Mr. WOLPE, Mr. GALLO, Mr. MYERS of Indiana, Mr. TORRICELLI, Mr. MCNULTY, and Mr. LANCASTER.

H.R. 5568: Mrs. SCHROEDER, Mr. MARKEY, Mr. RAHALL, Mr. FRANK, Mr. JONTZ, Mr. FORD of Michigan, Mr. CAMPBELL of Colorado, Mr. KANJORSKI, Mr. LIPINSKI, and Mr. BATES.

H.R. 5580: Mrs. COLLINS, Mr. KOLBE, Mr. RICHARDSON, and Mr. HORTON.

H.J. Res. 369: Mr. LEWIS of Florida and Ms. MOLINARI.

H.J. Res. 418: Mr. PRICE, Mr. DYSON, Mr. MILLER of Washington, and Mr. SHAW.

H.J. Res. 431: Mr. HEFLEY, Mr. HUCKABY, Ms. SCHNEIDER, and Mr. BOSCO.

H.J. Res. 476: Mr. ANDERSON, Mr. BERMAN, Mr. BEVILL, Mr. DONNELLY, Mr. FUSTER, Mr. HUTTO, Mr. KENNEDY, Mr. LIPINSKI, Mr. MURPHY, Mr. QUILLEN, Mr. SAVAGE, Mr. SOLARZ, and Mr. SOLOMON.

H.J. Res. 492: Mr. KOLTER, Mr. LAGOMARSINO, Mr. STUMP, Mr. GORDON, Mr. CALLAHAN, Mr. STENHOLM, Mr. SAVAGE, Mr. TOWNS, Mr. MCCRERY, Mr. RAVENEL, Mr. HAYES of Louisiana, Mr. EDWARDS of Oklahoma, Mr. TAYLOR, Mr. JENKINS, and Mr. SUNDQUIST.

H.J. Res. 538: Mr. MCMILLEN of Maryland, Mr. WEISS, Mr. RAHALL, Mr. LEWIS of Georgia, and Mr. GAYDOS.

H.J. Res. 568: Mr. GALLO and Mr. GUARINI.

H.J. Res. 580: Mr. DEWINE, Mr. ACKERMAN, Mrs. JOHNSON of Connecticut, Mr. ROE, Mr. GUARINI, Mr. HARRIS, Mr. BUSTAMANTE, Mr. HORTON, Mr. DONALD E. LUKENS, Mr. LANCASTER, Mr. FUSTER, Mr. FAUNTROY, Ms. PELOSI, Mr. RANGEL, Mr. SMITH of Florida, Mr. MCNULTY, Mr. OWENS of New York, Mr. COYNE, Mrs. COLLINS, Mr. FALEOMAVAEGA, Mr. PANETTA, and Ms. SLAUGHTER of New York.

H.J. Res. 583: Mr. PANETTA, Mr. LIPINSKI, Mr. FOGLIETTA, Mr. DEWINE, Mr. LAGOMARSINO, Mr. OWENS of New York, Mr. DOWNEY, Mr. HOCHBRUECKNER, Mr. MCGRATH, Mr. KASICH, and Mr. SAXTON.

H.J. Res. 602: Mr. UDALL, Mr. DERRICK, Mr. EMERSON, Mr. BLAZ, Mr. BROOKS, and Mr. MRAZEK.

H.J. Res. 612: Mr. ANTHONY, Mr. JENKINS, Mr. PAYNE of Virginia, Mr. WHITTEN, Mr. BAKER, Mr. BARTLETT, Mr. BATEMAN, Mrs. BENTLEY, Mr. BLILEY, Mr. BOEHLERT, Mr. BROOMFIELD, Mr. BUNNING, Mr. CALLAHAN, Mr. CHANDLER, Mr. CLINGER, Mr. COBLE, Mr. CONTE, Mr. COOPER, Mr. COUGHLIN, Mr. CRAIG, Mr. DELAY, Mr. DICKINSON, Mr. DORNAN of California, Mr. DUNCAN, Mr. EDWARDS of Oklahoma, Mr. EMERSON, Mr. FAZIO, Mr. FRENZEL, Mr. GALLEGLY, Mr. GALLO, Mr. GEKAS, Mr. GINGRICH, Mr. GORDON, Mr. GRADISON, Mr. HAMMERSCHMIDT, Mr. HASTERT, Mr. HAYES of Louisiana, Mr. HEFLEY, Mr. HENRY, Mr. HERGER, Mr. HOPKINS, Mr. HOUGHTON, Mr. HUCKABY, Mr. HUNTER, Mr. INHOFE, Mr. IRELAND, Mrs. JOHNSON of Connecticut, Mr. KASICH, Mr. LIGHTFOOT, Mrs. LLOYD, Mr. LIVINGSTON, Mr. LOWERY of California, Mr. DONALD E. LUKENS, Mr. MCCOLLUM, Mr. MCCRERY, Mr. MCEWEN, Mr. MACHTLEY, Mr. MADIGAN, Mrs. MARTIN of Illinois, Mr. MAVROULES, Mr. MILLER of Ohio, Mr. MILLER of Washington, Mr. MOORHEAD, Mr. NIELSON of Utah, Mr. OBERSTAR, Mr. PACKARD, Mr. PASHAYAN, Mr. PORTER, Mr. PURSELL, Mr. RAVENEL, Mr. REGULA, Mr. RHODES, Mr. ROBERTS, Mr. ROGERS, Mr. RUSSO, Mr. SAXTON, Mr. SKEEN, Mr. SCHAEFER, Mr. SISISKY, Mr. DENNY SMITH, Mr. SMITH of Vermont, Mr. ROBERT F. SMITH, Ms. SNOWE, Mr. STANGELAND, Mr. TANNER, Mr. THOMAS of California, Mr. WALSH, Mr. WEBER, Mr. WILSON, Mr. WISE, and Mr. YOUNG of Alaska.

H.J. Res. 646: Mr. LIPINSKI and Mr. MCGRATH.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.J. Res. 603: Mr. MCCURDY.

PETITIONS, ETC.

Under clause 1 of rule XXII,

230. The SPEAKER presented a petition of the Association of ex-POW's of the Korean war, relative to the support of H.R. 3603; which was referred to the Committee on Government Operations.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 5422

By Mr. DYMALLY:

—Page 12, after line 22, insert the following new section:

SEC. 403. PROHIBITION ON USE OF FUNDS FOR MILITARY ASSISTANCE TO UNITA.

None of the funds appropriated pursuant to this Act may be used (by the Department of Defense or any other agency or element of the United States Government) to provide military assistance to the National Union for the Total Independence of Angola (UNITA).

SENATE—*Thursday, September 13, 1990*

(Legislative day of Monday, September 10, 1990)

The Senate met at 9:45 a.m., on the expiration of the recess, and was called to order by the Honorable TERRY SANFORD, a Senator from the State of North Carolina.

PRAYER

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

Let us pray:

* * * *as Jesus was praying in a certain place, when he ceased, one of his disciples said unto Him, Lord, teach us to pray* * * *—Luke 11:1.

God of our fathers, as the great leaders of Israel took prayer seriously, as Jesus and His disciples took prayer seriously, as our Founding Fathers took prayer seriously, may we take prayer seriously. We know prayer does not absolve us from responsibility, but it is certainly the most important thing we can do, and often the only thing we can do. We recall that at a critical moment in the Constitutional Convention when, after 2 months of debate, often acrimonious, there was a stalemate. Elder statesman Benjamin Franklin addressed the chair. He said, "In the beginning of the contest with Britain, when we were sensible of dangers, we had daily prayers in this room for the Divine protection. Our prayers, sir, were heard; and they were graciously answered. * * * I have lived, sir, a long time; and the longer I live the more convincing proofs I see of this truth that God governs in the affairs of men. * * *"

Gracious Father, as Jesus taught His disciples to pray, teach us to pray. In His 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 legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, September 13, 1990.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable TERRY SANFORD, a Senator from the State of North Carolina, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. SANFORD thereupon assumed the Chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

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

SCHEDULE

Mr. MITCHELL. Mr. President, I would like to briefly inform my colleagues of the proposed schedule for the Senate today. This morning, at 10:15, the Senate will begin consideration of S. 2927. It had previously been scheduled for 10, but I intend shortly to request unanimous consent to extend the period for morning business in view of the number of Senators who wish to speak during morning business. There could be votes associated with the Export Administration Act, which we will turn to at 10:15, as I previously indicated, but those will not occur until later today. I will set a precise time following consultation with the distinguished Republican leader. Both he and I will be at the budget meetings at Andrews Air Force Base, and we will attempt to accommodate the participants there as well as the Members of the Senate. So that will be announced later today. Of course, that depends, in part, upon when we complete action on the Export Administration Act.

Following completion of that legislation, as we expect will occur during the day today, there will be a period set aside for debate on the CAFE standards bill, with respect to which a motion to proceed and a cloture motion on that motion to proceed have been filed. That is now scheduled to ripen for a vote under Senate rules tomorrow morning. We will consult with participants on both sides to see whether there is any interest in a consent agreement under which that vote would occur later today at the same time as the votes on the Export Administration Act.

EXTENSION OF MORNING BUSINESS

Mr. MITCHELL. Accordingly, Mr. President, I now ask unanimous consent that the time for morning business be extended to 10:15 a.m., with Senators permitted to speak therein for up to 5 minutes each with the previous order for Senator REID to remain in effect.

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

Mr. MITCHELL. I thank my colleagues.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for morning business, with Senators permitted to speak therein for up to 5 minutes each, with Senator REID to be recognized not to exceed 15 minutes.

The Senator from Nevada is recognized.

Mr. REID. Mr. President, I ask unanimous consent that I be allowed to speak up to 10 minutes rather than 15 minutes, and following my presentation, that the junior Senator from North Carolina be recognized for 10 minutes, the Senator from Maine for 10 minutes and then the Senator from Illinois be recognized after that.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered. The Senator from Nevada.

CESSNA 411—A DEADLY PLANE

Mr. REID. Mr. President, Labor Day is a festive occasion in the State of Nevada as it is around the rest of the country. Parades and celebrations are held all over the State. One of the celebrations that has been going on for decades is a parade in a place called Fallon, NV. On that occasion, on September 3 of this year, the ordinary festivities took place, including the parade in Fallon, NV. Shortly after that parade, the festivities broke up and participants in the parade went various places.

One of the groups, consisting of a Republican candidate for State treasurer who was piloting an airplane, a State senator who was running for Lieutenant Governor, the pilot's wife, and two staff people took off from the Fallon airport in a Cessna 411 airplane. Shortly after takeoff, one of the engines failed in that aircraft. A crash ensued very quickly. Robert Seale's wife, Judith, was killed. State

Senator Sue Wagner was hurt badly. She is still hospitalized. The pilot, Bob Seale is still hospitalized and one of the other passengers is still hospitalized. Luckily, one of the passengers was thrown from the aircraft and received only minor injuries.

When we first learned of the crash—I mean especially those of us who fly around the very large State of Nevada in small airplanes—when we first learned of that, of course, we were concerned. We were troubled. We had learned that one of the passengers was dead. After that information was sorted out, various thoughts came to our minds.

One thought, of course, was: With a two-engine airplane why could that airplane not land? Why could the pilot, who was just a short distance from the airport, not maneuver that aircraft back and land at Fallon? The weather was good. It was midday. There were no clouds. There was no wind. It was a beautiful Nevada day.

My initial feeling was concern for the survivors. One of the passengers, Sue Wagner's husband, had been killed 10 years before in an airplane crash, in a private plane crash. But, Mr. President, these feelings have since turned to feelings of anger.

I have learned this was an avoidable accident. The plane should never have been in the air. It should have been grounded years ago, but, of course, the person who purchased that airplane did not know that, the pilot did not know that.

Three hundred Cessna 411's were built in the late 1960's. This was the first cabin-class twin that they built. Mr. President, like the Edsel, it was poorly designed; but unlike the Edsel, it was deadly. The Cessna 411 is a death trap. Cessna and the Federal Aviation Administration have known this since before 1969. It has the worst safety record of any airplane. This is backed up by many sources, including an article that was written way back in 1985 by the Aviation Consumer, a magazine, by the way, that does not accept advertising.

The airplane is 10 times more dangerous than the safest plane. By comparison to any other plane, this airplane is a safety disaster. In 1985, there were only 150 of them still flying. By 1985, nearly 10 percent had crashed due to engine failure. How many have crashed since then I really do not know, but we are going to find out. But we know of at least one additional crash, the one that killed Judith Seale.

Everyone who flies and knows something about airplanes, knows this plane is simply unsafe. The proof, if any more is needed, is in the price of the airplane. Even in the mid-1980's you could buy this airplane for about $30,000, maybe $35,000. But, Mr. President, this has led to another problem, as indicated in the magazine article from which I read a paragraph entitled "Fly-by-Night":

> One of the insidious things about the 411 is, ironically, its attractiveness to shoestring air taxi companies. What other $35,000 airplane can carry eight people in cabin-class comfort? A cut-rate operator can buy a 411 for virtually nothing, hire a kid with a fresh commercial license and a few hours of multi-engine time, and start hauling around six or seven unsuspecting members of the general public.

If an engine goes out, the plane crashes. Intolerable forces buildup that make the plane uncontrollable. They far exceed both old and new FAA limits, yet the FAA has certified this airplane and recertified it. The recertification performed in 1969 is an embarrassment. The two people who recertified it said they only flew the airplane once. Cessna came back and said, it had been flown many times. But they could not have flown for the weather was too bad. The test, that is the recertification test, was performed under very suspicious circumstances.

In 1974, Mr. President, listen to this, a real-life safety test was made of this plane. Cessna hired a test pilot who had spent his career in the Air Force testing jet planes, one of the finest test pilots in the world, to demonstrate the safety of the 411 for a court case. He took off, and rose to a safe altitude. He knew he was turning the engine off as part of the test. Remember one of the best jet pilots around, turned the engine off—the plane crashed. He tried to explain it. He could not explain it. Why? Because the airplane will not fly on one engine.

But unlike my friends who crashed Labor Day, the test pilot was not injured. He was able to walk away. Remember, this is one of the best test pilots in the world and he could not keep the airplane in the air even though he knew he was going to turn the engine off. Think what would happen to an ordinary pilot, a pilot like Bob Seale?

It is time something is done to stop this death trap from killing again. Mr. President, I demand that the Federal Aviation Administration immediately move to prevent this plane from flying again. The FAA has that power. They could issue an airworthiness directive removing these airplanes from the sky. Cessna, for its part, should be glad to see the plane go.

The National Transportation Safety Board has already made an investigation of the Nevada crash. They know what happened. It was engine failure. Of course, they knew that before they went to Nevada. These planes cannot fly on one engine.

Cessna, as I indicated, should be glad to see the plane go. It is a death trap. They cannot defend it on moral grounds, and I imagine their legal defenses are becoming more limited each day. It is truly a proven killer and should be given the death penalty by the FAA. They know these airplanes are unsafe.

Cessna should have shown corporate responsibility long ago and recalled the planes, offer to buy them all. Not to repair or renovate—you cannot do that—but to retire them because they are unfixable.

As said by Aviation Consumer magazine way back in December 1985:

> We simply would not leave the ground in a Cessna 411 under any circumstances, either as a pilot or a passenger. We don't think anyone else should either. The airplane is a killer.

Mr. President, I ask unanimous consent that I be allowed to insert in the RECORD a news article setting forth the accident that took place in Nevada. I also ask unanimous consent that the magazine article to which I have referred be printed in its entirety in the RECORD.

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

CANDIDATE'S WIFE KILLED

(By Mike Norris and Steve Timko)

A bright morning of political glad-handing on the eve of primary elections ended in a Labor Day tragedy for two prominent Republican candidates, their families and campaign aides.

A plane crash outside Fallon Monday took the life of Judy Seale, surgical services director at Saint Mary's Regional Medical Center and wife of state treasurer candidate Bob Seale.

Seriously injured were state Sen. Sue Wagner, a candidate for lieutenant governor and Bob Seale, a Reno accountant who also was the pilot of the twin-engine Cessna airplane that crashed shortly after takeoff from Fallon Municipal Airport.

A helicopter flew both Seale and Wagner to Washoe Medical Center, where they were listed in serious condition Monday night, said hospital spokeswoman Kate Griswold.

Two campaign aides—Brian Krolecke and Stephanie Tyler Hicks—were also aboard the plane but received less serious injuries.

Wagner, 50, suffered a neck injury and a brace was applied, but doctors told a large crowd of relatives and well-wishers there was no paralysis. She also suffered spinal fractures, and lung, head and facial injuries.

Wagner's late husband, Peter, a respected scientist at the Desert Research Institute, was one of four men killed on March 2, 1980, when a B-26 Temop II weather research plane went down in the Sierras.

Seale, 48, fractured his left wrist and both ankles. He also suffered burns to the right hand and face, as well as other lung, head and facial injuries.

Despite their injuries, both Wagner and Seale were reported to be conscious and lucid, campaign aides said.

The eight-seat plane that was supposed to fly the candidates from a Fallon campaign stop to a Carson City campaign picnic developed trouble in the right engine shortly after taking off about 12:30 p.m. The plane began smoking, and a red light flashed on the control panel.

Seale, with his wife acting as co-pilot, turned the plane around and tried to gain altitude, but could not, said Churchill County Sheriff Bill Lawry.

With the landing gear still pulled up, the plane came down in a field about one to two miles from the airport, hit a ditch and flipped over. The crash sheared off one wing and one prop ended up in the ditch. The plane then began coming apart, leaving a trail of fuselage parts, vegetables and cantaloupes from the annual Fallon Cantaloupe Festival the candidates had just attended.

The second engine ended up in Seale's lap when the plan came to rest on its belly.

The crash tossed Krolecke, a campaign aide to Seale, and his seat out of the plane. He walked about two miles to a farmhouse where a rancher, identified only as Ray, notified authorities about 1:15 p.m.

Hicks, who is Wagner's campaign manager, also suffered injuries and was taken by ambulance to Sparks Family Hospital. A nursing supervisor there said Hicks was stable and not in serious condition.

Krolecke was treated and released and appeared later in the evening, wearing a bloodstained shirt with a Seale campaign logo and a bandage wrapped around his head, to join a large crowd that had gathered in a Washoe Medical Center waiting room.

Funderal services are pending for Judy Seale.

"She was very highly regarded and respected by her peers," said Bill Van Ry, Saint Mary's chief executive officer. "We're going to miss her."

Sources said family friends familiar with the 411 Cessna—a late 1960s-vintage aircraft that Seale had purchased for his campaign to defeat incumbent Treasurer Ken Santor—attributed the crash to mechanical failure. They said the left engine had undergone repairs only a few days earlier.

Wagner, a special assistant to the president of the Desert Research Institute, has served 16 years in the Legislature, including three terms in the Assembly beginning in 1975. She is midway through her third four-year term in the Senate, where she is chairwoman of the Judiciary Committee.

Wagner campaign consultant Jim Denton said she would not withdraw from the race, which includes only one other Republican primary candidate, Pro-Life Andy Anderson, an anti-abortion activist from Reno.

"She has no intention of withdrawing," said Denton, who was allowed to see Wagner just before 7 p.m.

Depite his injuries, Seale will also continue to be a candidate, said campaign spokeswoman Liz Younger.

Many Nevada political leaders, family members and well-wishers gathered at Washoe Medical Center after Wagner and Seale were flown there at 3:35 p.m. by REMSA CareFlight.

The group was reported to include Rep. Barbara Vucanovich, R-Nev., Democratic Gov. Bob Miller and State Sen. Bill Raggio, R-Reno.

Miller, who declined to immediately comment, had joined Seale, Wagner and other political candidates in Fallon earlier in the day for the annual cantaloupe festival. Among highlights were a crafts fair and parade through downtown Fallon.

The parade's grand marshal, Elmo Dericco, who retired last Friday as superintendent of Churchill County schools, said he spoke with Wagner at an early morning pancake breakfast before she and other politicians went off to appear in the annual downtown parade.

"She was chipper as heck," Dericco said.

But, in another of several ironies associated with Monday's crash, family friends said Wagner was known to dislike traveling on small airplanes.

At least two other Republican candidates, including gubernatorial contender Jim Gallaway, narrowly missed the tragic flight Monday.

The other was Bryan Nelson, running for attorney general. Nelson decided against using the plane because there wasn't enough room to fit his children inside.

[From the Aviation Consumer]

GROUND THE 411!—YOU WOULDN'T GET US UP IN ONE OF THOSE THINGS

We've never published anything this drastic before.

For all our muckraking about safety problems over the past 13 years, for all our accident analysis and safety ratings (see the "Best and Worst" ratings nearby), for all our ranting about unsafe planes, we've never judged any aircraft to be so dangerous that it should be grounded. We've never before said to ourselves, about a certified production airplane, "You'd never get me up in one of those things."

But in this case, we're making an exception. The evidence is simply too overwhelming.

In our opinion, the Cessna 411 cabin-class twin is an irremediably dangerous airplane. All of them should be grounded permanently. Right now. Scrap the suckers. Turn them into beer cans.

We don't offer this opinion lightly. Nor does it spring from a wimpish Ralph Naderlike fear of flying. Unlike Nader, who criticizes cars without ever having owned one, we usually don't hesitate to fly the planes we criticize for safety shortcomings. They're not that bad. Aviation Consumer editors have put in plenty of hours—in some cases, hundreds of hours—in each of the planes that rate "worst" in terms of accident rates—the AA-1 Yankee, the AA-5 Tiger, the old V-tail Bonanza, the Aerostar, MU-2 and Learjet. In some cases we actually prefer them to other, statistically safer planes. We fly them fully aware of their bad safety records and their quirks. The bad traits don't keep us from setting foot in the airplanes; they just make us more careful.

But the Cessna 411 is different. We simply would not leave the ground in a Cessna 411 under any circumstances, either as pilot or passenger. We don't think anyone else should, either. This airplane is a killer.

HISTORY

The 411 was first introduced in 1965. It was the first cabin-class Cessna twin, the forerunner of a vast fleet of successful big-cabin models including the 401, 402, 414 and 421 series. Production of the 411 was phased out after 300 had been built, in 1968. Later 400-series Cessnas were similar in overall layout to the 411, but with one critical difference. As we shall see later, that difference may be the factor that turns a deathtrap into a fine airplane.

ACCIDENT RATE

The safety statistics on the 411 are shockingly bad. During the period 1972-82, the 411 had a fatal accident rate of 7.6 per 100,000 flight hours. This number is nearly 10 times worse than the safest twin, the Cessna 414 (0.8) and more than six times worse than the median for the 17 other twin-engine aircraft we analyzed (1.2). The 411's fatal rate was twice as bad as the next-worst twin, the Aerostar (3.8).

In fact, the 411's fatality rate is far worse than that of any other airplane we've ever studied. The "worst in class" airplanes cited above and analyzed nearby have fatal accident rates ranging from 3.3 to 4.8. The 411, at 7.6, is truly the worst of the worst—by far.

ENGINE FAILURE

Why is the 411's accident rate so bad? Accident analysis is usually a subtle, sometimes puzzling exercise. But in the case of the 411, one factor stands out in sharp relief; engine failure accidents.

Compare the 411 to the very similar Cessna 401, for example. The 411 has an engine-failure accident rate five times higher than the 401's (2.7 vs. 0.5 per 100,000 hours) and a fatal engine-failure accident rate more than 10 times worse than the 401's (0.68 vs. 0.06).

Nearly one in 10 of all the 411s ever built has crashed due to engine failure. A total of 300 411s were manufactured, and fewer than 150 are currently active. But at least 25 have crunched when the engine lunched.

ENGINE HISTORY

The engine in the 411 is the 340-hp Continental GTSIO-520-C. The -C was the first of Continental's big geared turbocharged engines, and like many first tries, it fell well short of perfection. "There's a world of trouble brewing under the 411 cowlings," commented one engine expert we qurried.

Part of the problem was that pilots weren't used to handling such complex, fragile powerplants. Turbocharging was rare in those days, and pilots didn't know the nusances of operating turbo engines. The -C was also quite sensitive to over-cooling on descent, and the gear reduction system didn't like wind-milling at low power and high speed. "People tried to run it like you'd run an O-470 in a Skylane," commented one overhauler.

But a big part of the GTSIO-520-C's problem was simply poor design. The cylinder castings proved to be weak, and there were instance of cylinder heads blowing off in flight.

Comments one engine expert, "If you have a 411 with the original cylinders, you've got a flying time bomb on your hands."

Cracking crankcases were also a problem in the -C, along with a poorly designed turbocharger oil line restrictor that could clog up and allow overboosting of the engine.

COST VS. VALUE

Put a complex, finicky, high-maintenance engine on an obsolete, low-value airplane, and you've got a recipe for disaster. Current market value of a typical 411 in good condition is about $35,000. A remanufactured engine or overhaul job runs about $20,000. Thus the cost of a double overhaul exceeds the value of the airplane.

It doesn't take a Ph.D. in economics to figure out that 411 owners might tend to skimp on maintenance. The guy who buys a $35,000 cabin-class twin is very likely to be a low-baller working with a shoestring budget—a budget that may not allow for much engine maintenance.

HANDLING QUALITIES

What makes the 411 such a killer however is what happens after the engine fails. The airplane has atrocious single-engine handling qualities. By all reports if an engine fails in a 411 at low altitude, an accident is virtually assured.

An average pilot, caught by surprise in a real emergency, doesn't stand a chance.

How bad are the 411's engine-out traits? A professional test pilot (hired by a lawyer

suing Cessna over a 411 crash) wrung out a 411 for 4.5 hours, Excerpts from his report:

"With the prop windmilling and the cowls open, the rate of sink at 120 mph was approximately 700 fpm, and to maintain a speed of 120 mph, the rudder forces were approximately 270 pounds . . . Rudder pedal forces are unacceptably high and would max out most pilots . . . With an engine wind-milling, intolerable stick and rudder forces (are required) to maintain bell centered at 120 mph . . . banking into or away from the live engine does not appreciably change the forces."

The rudder forces are "intolerable" not only from a human point of view. They far exceed FAA limits. Both CAR 3.106, the old rules under which the 411 was certified, and FAR 23.149(b), the current regulation, set a limit of 150 pounds of rudder pressure.

FAA "RE-EVALUATION"

In 1969, the FAA, spurred by a rash of 411 engine-failure accidents, carried out a "re-evaluation" of the 411. The plane supposedly passed the FAA's scrutiny, but the re-evaluation was, at best, in our opinion, a farce, and perhaps an outright fraud.

The sorry saga of the FAA evaluation began after a 411 engine-failure crash at Teterboro Airport in New Jersey in 1968. Walt Cederlund, the supervising inspector at the Teterboro GADO office, investigated the accident and sent a report to Washington outlining numerous problems with the 411.

Cederlund's report criticized the 411's single-engine handling qualities—particularly the high rudder pressures required—and pointed out several other problems with the plane. For once, FAA headquarters reacted quickly. Less than a month later, an FAA evaluation team went to Wichita to take a second look a the 411.

What happened during the week-long evaluation is a matter of some dispute. The official FAA report implies that FAA and Cessna pilots thoroughly put the 411 through its paces. The report listed an ambitious plan of flight testing: Vmc determination, one-engine stalls, lateral and directional stability in single-engine flight, climb performance, and the effect of feathering, flaps, gear and cowl flaps on single-engine performance.

The report concluded, "Regulation compliance was found . . . in all areas tested with regard to flight characteristics and performance . . . No unsafe flight characteristics were noted."

But, according to two members of the FAA team tracked down by *The Aviation Consumer*, only one brief flight was made, Says team member Cederlund, "There were many things in the report that we didn't do during the evaluation of the airplane . . . I felt the evaluation was inadequate." A second team member, Robert Kennedy, confirmed that just one flight was made. Neither Cederlund nor Kennedy had a hand in writing up the report.

Cessna rebuts Cederlund's testimony, pointing out that he didn't arrive in Wichita until late in the week. Cessna told us that tests flights had been performed earlier in the week, and that perhaps Cederlund had been unaware of them.

If Cessna is right about those earlier flight tests, the FAA and Cessna test pilots who conducted them deserve a medal for bravery.

The weather was abominable. National Weather Service records for the first three days of the test period mention zero-zero conditions, fog, drizzle and strong gusty winds.

All the evidence suggests that just one brief test flight was made, under marginal weather conditions. The report exonerating the 411 looks to us like a fabrication, a sham.

TALE OF THE TAIL

Why is the 411's single-engine handling so awful? One answer is clear to the trained eye. The size of an airplane's tail and rudder is a major factor in single-engine controllability. Take a look at the size of the 411's tail and rudder in the picture nearby. Compare it to the tail of the 414 in the other picture. Do you suppose that perhaps Cessna learned something from the 411 and applied the lesson to the 411?

Other factors may contribute to the 411's engine-out handling problems. Walt Cederlund's initial FAA report mentioned that the pilot's seat tended to slip back under the strain of the pilot pushing on the rudder. The seat back itself also flexes under the load (just imagine doing 270-pound leg press exercises—with one leg—on a Nautilus machine). The 411 also has a two-inch step on the cockpit floor just in front of the rudder pedals. This step tends to catch the pilot's heel and makes it harder to apply quick, full rudder pressure.

FLY-BY-NIGHT

One of the insidious things about the 411 is, ironically, its attractiveness to shoestring air taxi companies. What other $35,000 airplane can carry eight people in cabin-class comfort? A cut-rate operator can buy a 411 for virtually nothing, hire a kid with a fresh commercial license and a few hours of multi-engine time, and start hauling around six or seven unsuspecting members of the general public.

BUY 'EM BACK

We believe the 411's problems can't be solved by any reasonable means. (Grafting a 421 tail onto the airplane is obviously out of the question economically.) No minor modification or inspection or handbook update will make the airplane safe. The only course of action, we believe, is a permanent grounding of the 411.

To our knowledge, the FAA has never issued an AD permanently grounding an airplane, without recourse. Realistically, we don't expect the FAA to have the guts to make such a politically controversial move, even though the 411 clearly doesn't meet certification requirements.

So here's our suggestion: Cessna should buy back every 411, bull-doze them into a big pile, and light a match.

Ridiculous? Crazy? We're not naive enough to believe that Cessna would pay millions of dollars out of altruistic concern for public safety. But in fact, Cessna would be doing itself a big favor by getting the 411s out of the air. In the long run, buying back the 411 fleet would almost certainly improve Cessna's bottom line.

The reason is product liability. Each of the 150-odd 411s now registered with the FAA is a flying time bomb of legal liability in case of an engine-failure accident. With eight seats per airplane, the active 411 fleet represents 1,200 potential million-dollar lawsuits. Cessna has already lost one 411 suit (to the tune of $300,000). In another recent bizarre case, a jury thought it was delivering a verdict against Cessna, but because of the jury's misinterpretation of a legal technicality, the company got off the hook.

It would be very difficult for Cessna to defend itself against a 411 engine-failure case. A jury, after seeing the airplane's horrible accident record, its apparent failure to meet FAA certification requirements, and the suspicious looking FAA "re-evaluation," might well frown upon Cessna in the courtroom.

For relief from such a liability burden, the cost to Cessna of a mass 411 buyback would be a bargain. Current value of a 411 in good shape is about $35,000. (A low-time loaded creampuff might go for as much as $50,000, while a high-time dog with a sick engine is virtually worthless, except perhaps for salvage value.) Assuming Cessna paid 40 Gs for each registered airplane (and what 411 owner wouldn't jump at a wad of cash that size?), the total cost to Cessna would be about $6 million.

Six big ones is not exactly peanuts, but it would not devastate the bank account of a company that will gross $700 million-plus this year. One engine-failure crash of a 411 full of people could cost Cessna $6 million is legal costs.

In addition, of course, Cessna would no longer have to support the 411 with spare parts and technical information.

Such a mass recall has a precedent at Cessna. In the mid-50's, the company developed a four-place helicopter called the CH-1. It was a commercial flop, however. After selling a couple of dozen of the $80,000 machines, Cessna decided to get out of the helicopter business altogether. Rather than leave its customers hanging without factory support, the company bought back every CH-1. One former Cessna employee recalls the total cost of the CH-1 buyback as "a couple of million or so."

Adjusted for inflation, the CH-1 buyback would amount to $7 or $8 million today. Cessna could buy back its 411 liability problem for less than that.

Too many things work against it: the unreliable engines; the high cost of engine maintenance in relation to the airplane's value; the terrible single-engine handling qualities that defy even the best of pilots; and its use as a cut-rate air-taxi/commuter aircraft.

Bring on the cutting torches.

Mr. REID. Mr. President, Nevadans believe it is time that we put this chapter to a close. These airplanes should be placed in a salvage yard and all these airplanes remain as junk because that is what they are.

I yield the floor.

The PRESIDING OFFICER (Mr. LIEBERMAN). Under the previous order, the Senator from North Carolina is now recognized for up to 10 minutes.

Mr. SANFORD. I thank the Chair.

(The remarks of Mr. SANFORD pertaining to the introduction of S. 3041 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

EXTENSION OF MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, the Chair recognizes the Senator from Maine [Mr. COHEN] for 10 minutes. The Chair advises the Senator from Maine that under the previous order the period for morning business was to have expired.

Mr. COHEN. I thank the Chair for his calling my attention to the clock. I

will indicate that I spoke with the Senate majority leader just before his departure to Andrews. He indicated at that time that there was no pressure to confine the time to 10:15 as the original order, and at the appropriate time as we approach that, I will ask unanimous consent that morning business be extended to so I can complete my remarks. I will try to confine them to under 10 minutes.

I know the Senator from Illinois is also seeking time. I make that unanimous consent. I ask unanimous consent that I be allowed to proceed for 10 minutes; that morning business be extended to 10:35.

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

The Senator from Maine is recognized.

Mr. COHEN. I thank the Chair.

(The remarks of Mr. COHEN pertaining to the introduction of S. 3042 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. Under the previous order, the Chair recognizes Senator DIXON for not to exceed 10 minutes.

Mr. DIXON. I thank the Chair.

(The remarks of Mr. DIXON pertaining to the introduction of S. 3040 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. Who seeks recognition?

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

ORDER OF PROCEDURE

Mr. PRESSLER. Mr. President, I would like to speak this morning on the issue of the upcoming sequester and its possible effect.

The PRESIDING OFFICER. If the Senator will withhold, with apologies the Chair informs the Senator that the time for morning business has expired, so it would require consent at this time.

Mr. PRESSLER. Mr. President, I ask unanimous consent that I might speak for 5 minutes as if in morning business.

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

BUDGET SEQUESTER SHOULD INCLUDE CONGRESS

Mr. PRESSLER. Mr. President, I would like to speak about the possibility of the upcoming sequester. We all hope that a budget agreement is reached, but having served in Congress now for over 15 years, I believe that it is going to be very difficult to reach a budget agreement on time. I hope that we do. We have an obligation to do so.

In fact, it is my strongest conviction that our country will suffer greatly if we do not reach a budget agreement by October 1, by the date that it is required to occur.

When I was in my home State of South Dakota, I visited with several Federal employees. They are concerned about the effects of a sequester. They will be furloughed under budget sequestration. Our Federal employees have received letters telling them that they are going to be furloughed, and they are very upset. It is demoralizing to them.

I saw a piece on TV last night showing what would happen to meat inspection if there are furloughs, what will happen to air traffic control if there are furloughs. It would have a devastating effect on our economy.

I would like to point out that the sequester does not affect the pay of Senators and Congressmen. I believe that it should. I believe it should affect our pay. I believe it should affect the Members as much as the Federal civil servants and the Foreign Service, and so forth.

Thus, I am today introducing legislation to place Members of Congress under the same sequestration rules as our Federal employees. Thus, Members of Congress would receive furlough notices and pay reductions the same as our Federal civil servants. I think the example we set in this Chamber is very important.

People are confused about the rules of sequestration. Under the rules of sequestration, if Congress does not reach a budget agreement by October 1, a set of cuts go into effect, draconian cuts, across the board, that will result in Federal workers being sent home for several days of each month without pay.

You can imagine the impact this would have on some of their budgets, particularly those who are secretaries or those who have families. But it is also very demoralizing for those hard-working people, good-faith people, who are employees of our Government to receive such notices.

I met in Rapid City with various Federal employees. They were confused, hurt and angry that they were devoting their lives to working for the Government and for carrying out important public service functions. To receive a furlough notice letter without any explanation and without understanding the broader picture is a devastating experience.

It is Congress that is supposed to act. It is Congress that is supposed to get its work done on time. If Congress cannot get its work done on time, then its Members should be in the same category as furloughed civil servants. Thus, my legislation would apply the sequester to Members of the House and Senate. They would get a pay cut. They would experience the effects of a furlough just the same as the other employees of the Federal Government.

Mr. President, I think the example this body sets is very important. I think it is important that, if our Federal employees and others are treated this way, the Members of the House and Senate should also. So my legislation would provide that Members of Congress would receive a pay cut for so many days a month, as our civil servants and our Foreign Service and others will. It would place the Members of Congress under the same rules.

Mr. President, over the years, the Congress has had a habit of passing laws that apply to small businesses but do not apply to us. We had debates in this Chamber recently about making applicable to our staffs certain civil rights protections that are applicable to small businessmen across the U.S. Congress exempts itself from requirements that it places on small businessmen in their business. Almost every bill that goes through here has a provision in it that the House and Senate Members and their staffs are exempt from rules that apply to everyone else. Well, this has caused an uproar across our country. If there is a sequester and it does not apply to Members of Congress equally, it will be very bad.

It is true that the sequester applies, to some extent, to staffs of Members of Congress. But Members of Congress are exempt from the same requirements that we have placed on other people who work for the Federal Government. So my legislation corrects this, and I ask the Senate to give it full consideration. I shall offer it as an amendment, if necessary, to some bill late at night on October 1 if is not dealt with sooner.

Mr. PRYOR. Mr. President, I ask unanimous consent that I may proceed for no longer than 6 minutes as if in morning business.

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

OLDER WORKERS BENEFIT PROTECTION ACT

Mr. PRYOR. Mr. President, on Monday of next week, according to what I understand of the Senate's schedule, the Senate will take up the so-called Betts bill, a case involving a woman in Ohio named June Betts, who won a case of age discrimination in the Federal district court in Ohio, who won in the circuit court of ap-

peals, but who lost in the Supreme Court of the United States.

This morning, Mr. President, Senator METZENBAUM, Congressman ROYBAL, myself, and others participated in a press briefing as to what the Betts bill did and what it did not do, because there is a great deal of confusion. We heard a very emotional statement, Mr. President, by Carolyn Betts, who is the daughter of June Betts, the subject of this particular matter.

I ask Carolyn Betts this morning, Mr. President, if I had her permission to basically read portions of her statement to the Senate on the floor at this time. She consented. Mr. President, I will read portions of her statement, and I will do so as follows:

Good morning. My name is Carolyn Betts. I am here to carry a message on behalf of my mother, June Betts, because she is not able to be with us today. I am here to urge Congress to pass the Older Workers Benefit Protection Act to stop discrimination against older workers like my mother.

I know my mother would believe it is important for you to understand what happens to older people, particularly older women, when they get sick and don't die right away. Let me tell you for her what happens to middle class people when their employers save money at the expense of older workers.

When my mother was in her 50s, she returned to school and got a master's degree in speech pathology. She got a job with Hamilton County, Ohio, teaching children with Down's Syndrome and Cerebral Palsy how to talk. Within a couple of years, my mother became unable to perform her job. No one realized she had Alzheimer's Disease.

Mother's supervisor told us that she could either go on unpaid leave or take early retirement. But she could not get disability benefits because she was sixty-one years old. We were shocked to learn that if you are a state or county worker in Ohio and become disabled at age 60 or older, you cannot get disability and are forced to take early retirement.

In cases like my mother where the worker is not vested, the pension benefit is much less than disability. On disability, Mother would have received $355 per month. On early retirement, she gets only $158. Older Ohio state and county employees who become disabled now are in a worse situation than my mother, since Ohio has eliminated health insurance benefits for early retirees. They become destitute quicker than Mother.

Mother didn't understand all of this, but she knew her employer was denying her money she should have gotten. We filed suit claiming age discrimination. We won all the way up to the U.S. Supreme Court. AARP and EEOC supported our case. The Solicitor General argued on our behalf in the Supreme Court that my mother could not be denied disability benefits based on her age. We seemed to have everything on our side. But the Supreme Court didn't listen. They ruled that it was legal to discriminate against older workers in employee benefits. They said it didn't matter what Congress intended in enacting the ADEA; it didn't matter that EEOC regulations in effect for 20 years were on our side.

For my mother, the difference between getting disability benefits and not getting them is a matter of a few months in a nice room in a nursing home instead of a charity bed at taxpayer's expense.

I don't want the name "June Betts" any longer to mean if you are over 40, your employer can deny you hard earned employee benefits. I want people to know that my mother made a difference to thousands of others because the Congress believed in her case and made it a cause for righting her wrong.

Mother says "thank you for caring."

Mr. President, that was the end of Carolyn Betts' statement this morning. I found it basically, in a nutshell, tells us what the issue will be on Monday when we start discussing the Betts case on that particular legislative day.

Some have said that we are attempting, basically, in the final days of this session, to pressure and to put this issue before the Senate without due consideration. Mr. President, let me respond to that, that the Betts override legislation was introduced in this Senate in August 1989. For over 1 year, we have attempted to compromise, we have attempted to meet each and every objection that we have heard about the ramifications of overriding this particular Supreme Court decision.

We are proud today, Mr. President, to have over 50 cosponsors of this legislation. We know that there will be controversy attending the debate on this legislation. But we urge our colleagues at this point to look very carefully at what the Supreme Court said to this elderly lady, and also to see what ramifications will ultimately occur if the U.S. Senate or the Congress as a whole refuses to override this blatant case of age discrimination in the work force.

I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

THE STRATEGIC PETROLEUM RESERVE LEGISLATION

Mr. JOHNSTON. I thank the Senator from Maryland. I am pleased to tell my colleagues that last night we finished work on an extension of the strategic petroleum reserve legislation. What that legislation does is increase the strategic petroleum reserve from 750 million barrels to 1 billion barrels. My colleagues will know that we now have only 540 million barrels in the strategic petroleum reserve. This is a much needed piece of legislation. It happens to be the only part of a domestic energy policy this country has which makes any sense.

Mr. President, year after year after year in this country, domestic oil production has gone down because we have not had any incentive to drill. Imports have gone up. And now, Mr. President, we find ourselves with only one piece of protection in an energy policy and that is the strategic petroleum reserve.

I am pleased that this passed. It is much needed legislation. But we ought to take this opportunity with the crisis in the gulf to understand that this country needs to change from a policy of import to a policy of made in America.

We need to produce energy in this country, we need to drill oil and gas in this country efficiently, where there is a good prospect, where it is environmentally safe. We need to produce clean coal, we need to produce safe nuclear power, we need to produce alternative sources of energy, and we need to conserve, and we need to put this policy in place now. This is a first step. It needs to be a first step in a meaningful policy to get a national energy policy that says "produce it here in America instead of importing."

Mr. President, I thank my distinguished colleague from Maryland.

THE "DIPLOMACY" OF AMBASSADOR GLASPIE

Mr. HELMS. Mr. President, ever so often there come occasions when a Senator can feel that his positions have been vindicated. I had that feeling this morning when I read a Washington Post report on a transcript of a conversation between the United States Ambassador to Iraq, April Glaspie, and the Butcher of Baghdad, Saddam Hussein.

According to the article by Jim Hoagland, Ambassador Glaspie assured Saddam on July 25, only a week before the invasion of Kuwait, that "we have no opinion on the Arab-Arab conflicts, like your border disagreement with Kuwait."

This statement by Ambassador Glaspie was equivalent to the famous statement of Secretary Dean Acheson that Korea was outside our defensive perimeter, thereby triggering the Korean war. Ms. Glaspie apparently failed to realize that she was dealing with a criminal mind. To suggest that we had no interest in the integrity of the borders of an independent friendly nation was like throwing meat to a hungry wolf.

It is significant that the State Department does not dispute the accuracy of the transcript. Indeed, Ambassador Glaspie took care to point out that she spoke under instructions from the State Department. But that does not excuse her fawning over the man who gassed Iraqi children, and murdered his closest advisers in cold blood. Indeed, she called an ABC television interview with him "cheap and unjust. * * * I am pleased that you add your voice to the diplomats who stand up to the media."

Indeed, the transcript indicates that she seemed to be more concerned

about her own travel plans for a trip home, than about the possibility of a threatened attack on a weak and defenseless nation. Apparently she had so little understanding of the situation in Kuwait, that she actually left on vacation the night before the invasion, leaving the United States without high-level diplomatic representation at the very height of the crisis.

However, considering the level of the competence which she displayed in this interview, the United States was fortunate that she was not on the scene.

Mr. President, such conduct by U.S. Ambassadors, apologizing for the crimes of moral degenerates, is disgusting. I can see no reason why someone who serves the Nation so poorly should receive another major assignment; however, considering the attitude of some in the State Department, she will probably be given a bonus and sent to a more prestigious post.

Actually, her performance in Baghdad was easy to forecast. A worse candidate for the post could have been hard to imagine. Her previous post was in Syria, where she was as enthusiastic about President Assad—another mass killer and protector of terrorists—as she later was about Saddam. Assad is the mirror image of Saddam in terrorism, crushing of human liberties, and aggression against defenseless neighbors. The only problem is that he is Saddam's main rival and chief enemy. Only the State Department would think of the idea of sending someone closely associated with support of Saddam's main enemy to be our Ambassador to his government.

Moreover, April Glaspie has been a strong and influential supporter of the PLO within the State Department, and argued strongly against accepting the action of Congress legislating the closing of the PLO offices in New York. She leaves the impression that she never saw a terrorist she didn't like.

Mr. President, I raised these precise questions directly when April Glaspie was nominated as Ambassador to Iraq. She might have pursued her career elsewhere with success, but it was clear that she would be a disaster in Iraq. I delayed her confirmation for 6 months in the hope that reason might prevail. But when it became evident that nothing could sway the State Department's judgment, when no amount of common sense could be made to prevail, her nomination was approved.

No one can take pleasure in watching the tragedy of Kuwait unfold.

However, this Senator does feel a small amount of vindication with regard to his caution on April Glaspie in this morning's news.

Mr. President, I ask unanimous consent that the article by Jim Hoagland from today's Post, as well as a UPI report from March 18, 1988, about April Glaspie's nomination be printed in the RECORD at the conclusion of my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sept. 13, 1990]

TRANSCRIPT SHOWS MUTED U.S. RESPONSE TO THREAT BY SADDAM IN LATE JULY

(By Jim Hoagland)

One week before he ordered his troops into Kuwait, Iraqi leader Saddam Hussein warned the U.S. ambassador in Baghdad that America should not oppose his aims in the Middle East because "yours is a society that cannot accept 10,000 dead in one battle" and is vulnerable to terrorist attack, according to the Iraqi minutes of the July 25 conversation.

U.S. Ambassador April Glaspie did not respond directly to Saddam's menacing comments, concentrating instead on praising Saddam's "extraordinary efforts to rebuild your country." She also gently probed the Iraqi leader's intentions in massing troops on Kuwait's border, but did not criticize the Iraqi troop movements, according to the Iraqi transcript.

The State Department did not challenge the authenticity of the transcript yesterday. Spokesman Richard Boucher declined to comment on specific remarks it contains. He said Glaspie was not available for comment.

Iraq's version of the meeting shows Saddam giving Glaspie explicit warnings that he would take whatever action he deemed necessary to stop Kuwait from continuing an "economic war" against Iraq. Her response, as recorded by the Iraqis, was to reassure Saddam that the United States takes no official position on Iraq's border dispute with Kuwait.

In response to Saddam's comments about Iraq's need for higher oil prices, the ambasador said: "I know you need funds. We understand that and our opinion is that you should have the opportunity to rebuild your country. But we have no opinion on the Arab-Arab conflicts, like your border disagreement with Kuwait . . . James Baker has directed our official spokesman to emphasize this instruction."

The disclosure of the transcript to Western news media, which originated with Iraqi officials, appears intended to emphasize that Saddam had reason to believe that the Bush administration would not offer any serious opposition to his move against Kuwait.

The administration has acknowledged that it was caught by surprise by Iraq's Aug. 2 invasion of Kuwait. But the tone and content of the transcript of the July 25 meeting called by Saddam strongly suggest that the official American misreading of Saddam's intentions and capabilities may have emboldened him to commit an act of aggression that has brought the United States to the brink of war in the Persian Gulf.

ABC television on Tuesday night quoted briefly from the Iraqi transcript, which was also the subject of an article in the British newspaper The Guardian yesterday. The Washington Post has obtained a 17-page English translation of the full transcript.

While the Iraqi transcript is disjointed in places, the substance of Glaspie's recorded remarks closely parallels official U.S. positions stated in Washington at the same time, in which other State Department officials publicly disavowed any American security commitments to Kuwait.

A career foreign service officer, Glaspie made a point of telling Saddam that she was acting under instructions from Washington in responding to him.

Greeting her, Saddam said that he wanted his part of their conversation to be "a message to President Bush." Reviewing U.S.-Iraqi differences, he singled out the secret shipments of U.S. arms to Iran in 1985 and 1986 and recalled that he magnanimously accepted President Reagan's "apology" to him "and wiped the slate clean."

Saddam turned next to the devastated condition of the Iraqi economy because of eight years of war with Iran. He suggested that the United States was supporting an effort by Kuwait to wage "another war against Iraq," an "economic war" that deprives Iraqis of "their humanity by depriving them of their chance to have a good standard of living."

The United States should be grateful to Iraq for having stopped Iran miltarily because the United States could not fight such a war in the Persian Gulf. Saddam said, "I hold this view by looking at the geography and nature of American society. . . . Yours is a society which cannot accept 10,000 dead in one battle."

Denouncing Kuwaiti efforts to "deprive us of our rights" he demanded that the United States "declare who it wants to have relations with and who its enemies are. . . . If you use pressure, we will deploy pressure and force. . . . We cannot come all the way to you in the United States but individual Arabs may reach you."

The remainder of his opening monologue was filled with attacks on U.S. support for Israel, for the United Arab Emirates and for Kuwait. Saddam made a point of telling Glaspie that he had clearly warned the Kurdish tribesmen of Iraq and Iran's leaders before he went to war against them.

In the transcript, Glaspie did not respond to this rhetoric. She began her response by speaking of Bush's desire for friendship with Iraq: "As you know he directed the United States administration to reject the suggestion of implementing trade sanctions" against Iraq. "I have a direct instruction from the president to seek better relations with Iraq. . . . President Bush is an intelligent man. He is not going to declare an economic war against Iraq."

Saying that the American media's treatment of Saddam resembles its treatment of American politicians, Glaspie is quoted as calling an ABC Television interview with him "cheap and unjust. . . . I am pleased that you add your voice to the diplomats who stand up to the media."

She then said she has been instructed "to ask you, in the spirit of friendship—not in the spirit of confrontation—regarding your intentions" about Kuwait in light of his massing troops on the border. Saddam's response was that he hoped to settle his dispute with Kuwait peacefully, but the transcript shows him adding:

"We regard [Kuwait's economic campaign] as a military action against us. . . . If we are not able to find a solution, then it will be natural that Iraq will not accept death, even though wisdom is above everything else."

Glaspie took no notice of this implied threat in her concluding remarks. Instead, she told Saddam that she had worried that she would have to postpone her scheduled July 30 departure from Baghdad for consultations in Washington "because of the difficulties we are facing. But now I will fly" on July 30.

Thirty-six hours after her departure, Saddam launched his invasion. Glaspie has remained in Washington since then to underscore official U.S. displeasure with Saddam's action, according to the State Department

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[From UPI, Mar. 18, 1988]

CLEARANCE SEEN FOR GLASPIE NOMINATION

(By Jim Anderson)

WASHINGTON.—Last September, Secretary of State George Shultz cited April Glaspie, a foreign service officer, for her work in persuading the Syrians to use their influence to help free the 104 Americans held hostage aboard TWA Flight 847 in June 1985.

"A key was our contact with President Assad and Syria," said Shultz. "April Glaspie (then the ranking U.S. envoy in Syria) was just great and she is a little-known but, I think, genuine heroine of that whole effort."

Glaspie, nominated last November to become U.S. ambassador to Iraq, has since become a kind of hostage herself, caught in a struggle between the administration and conservative Republicans on Capitol Hill.

Sen. Jesse Helms, R-N.C., who questioned Glaspie sharply in her nomination hearings before the Foreign Relations Committee on Dec. 1 about U.S. policy toward the Palestine Liberation Organization, put a "hold" on her nomination, which was enough to postpone a vote until the 100th Congress was seated this year. In the new Congress, he used the same procedural device to cause a further delay.

At her confirmation hearing, Helms asked Glaspie if the PLO were a terrorist organization. She responded with the administration formula:

"The PLO is an umbrella organization, containing some elements who are terrorists." She pointed out that one of the directors of the PLO is an Anglican bishop.

Helms retorted, "I supppose Al Capone had some associates who went to church on Sunday. Does that mean that the Mafia is not a criminal organization?"

A Senate source close to Helms said that Glaspie was a symbol of the State Department's reluctance to brand the PLO a flat-out terrorist organization and Shultz's reluctance to close the PLO offices in Washington and New York.

Shultz later described the congressional mandate as "one of the dumber things that Congress has done lately" because of the credibility and prominence it gave the PLO.

But the Justice Department overruled the State Department and ordered the PLO observer mission to the United Nations to be closed by March 21, as ordered by Congress in the Anti-Terrorism Act of 1987.

Not totally coincidentally, on the day after the sheduled closure of the PLO the Foreign Relations Committee, after nearly six months of procedures, delays and maneuvering will finally gather a quorum to approve Glaspie's nomination as ambassador to Baghdad, the first American woman ever to be designated an envoy to an Arab nation.

A source close to Helms said that he will not seek to delay a vote any longer, once he is satisfied the administration will carry through the closure of the PLO observer mission at the United Nations.

Glaspie's approval by the committee and the full Senate are expected to be routine, once the Helms roadblock is removed. She is expected to be confirmed by the full Senate on April 26, her 46th birthday.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The period for morning business has now expired.

EXPORT ADMINISTRATION ACT AMENDMENTS

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 2927, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 2927) to amend and extend the Export Administration Act of 1979.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. The chair recognizes the floor manager, the Senator from Maryland, Mr. SARBANES.

Mr. SARBANES. Mr. President, I rise in support of S. 2927, the Export Administration Act Amendments of 1990. This legislation was marked up and reported out of the Senate Banking Committee on the 17th of July unanimously. It is an important piece of legislation. We need action on it before the end of the current fiscal year.

I would like, at the outset, to particularly acknowledge the very strong support and guidance which the chairman of the committee, Senator RIEGLE, gave with regard to this legislation. He made its passage a top priority of the committee this year.

He is not able to be with us at this moment because he is chairing a hearing in the Banking Committee concerning the Resolution Trust Corporation and its disposition of assets, which is, of course, a very important matter and an issue which the committee has been following very closely. In fact the committee is conducting a full week of oversight hearings this very week with respect to both the savings and loan situation and the banking industry. But Senator RIEGLE has had a keen interest in the issue of international trade and competitiveness and he played a vital role in the committee's development of this legislation.

I also, at the outset, would like to express my appreciation and thanks to the ranking Republican member of the Banking Committee, Senator GARN, and to Senator HEINZ, who is managing the bill on the Republican side today, for their very cooperative efforts in developing this legislation and bringing it to the floor.

Senator HEINZ had had a longstanding interest in this issue. He has had a great deal of influence over the substance of national policy in this area and we have been able to work, I think it is fair to say, closely together in a bipartisan fashion in order to shape this legislation.

The Export Administration Act provides the President broad authority to control exports of high technology commercial goods with possible military applications. Just 2 years ago the Banking Committee undertook a major revision of the Export Administration Act as part of the Omnibus Trade and Competitiveness Act of 1988. As Senators will recall, that was a major omnibus piece of legislation. It had pieces in it from a number of different committees in the Senate and involved a very extensive conference with the House.

We extended, under that legislation, the President's authority to control exports under this legislation until September 30 of this year. So, obviously, the Congress now has an important responsibility to reauthorize the law.

I might note the President has powers to act under the International Emergency Economic Powers Act if he does not have an Export Administration Act in hand. But I think it is the overwhelming view, both of administration and in the Congress and certainly in the private sector, that the definition which this legislation provides as to how this matter is to be dealt with is very important. This law actually sets out an extensive statutory scheme and therefore it is very important that this reauthorization takes place by the end of this fiscal year.

Our consideration of this legislation, of course, took place in the context of the extraordinary changes in East-West relations over the past year. In fact, in February there was a special meeting of the executive committee of Cocom, the Coordinating Committee on Multilateral Export Controls, which is made up of the NATO countries—with the exception of Iceland—Japan and Australia, and which has worked over the years to restrict the flow of sensitive technology which may be used for military purposes to the East bloc.

At the special meeting in February of the Cocom countries, it was agreed to undertake a major review and revision of the export control regime in light of the changes taking place in the Eastern bloc, which have attracted so much attention over the course of this past year. That review culminated in a high level meeting of Cocom that took place on the 6th and 7th of June, in which agreement was reached on an extensive revision of the West's system of export controls.

As this review was taking place in Cocom, the Senate Banking Committee began its consideration of the reauthorization of the Export Administration Act. The Subcommittee on International Finance and Monetary Policy of that committee, which I am privileged to chair, held oversight hearings in March to review the oper-

ations of the U.S. export control regime and to consider what changes might be appropriate.

We heard from administration witnesses and from outside experts and representatives of industry, particularly those industries that are in the export trade and are very vitally concerned with the provisions of this legislation. Part of the objective of those hearings was also to urge the administration to move forward in a positive and constructive fashion within Cocom, as that review was being carried out.

I make reference to this because we obviously operate in this international context and it is very important to command international support for what the export controls are, otherwise they can be undermined or vitiated by the actions of other countries no matter what position we may seek to take. In the agreement that was reached in June there was significant decontrol in certain areas as an interim measure and a commitment to develop a much streamlined control list or core list by the end of the year. That agreement provided a substantial change in the export control regime and the prospect of additional changes in the near future.

Given this progress that was going on in multinational efforts in the process of reform, the committee, in developing legislation, sought to work closely with the administration in revising the statutory authority by which the President imposes export controls in order to help encourage this process.

The committee drew on the suggestions of the business community on ways to improve the system and to update the law. The committee print, which was submitted for markup on the 17th of July, did receive the endorsement of the administration. I ask unanimous consent to print in the RECORD at the conclusion of my remarks a letter from Secretary Mosbacher indicating the support.

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

(See exhibit 1.)

Mr. SARBANES. Mr. President, that letter suggests some reservations about some items in the committee print. It did not, of course, cover amendments that were subsequently adopted by the committee, other than a set of package amendments that had been worked out between the Democratic and Republican members, and it was introduced by Senator GARN and myself at the beginning of the markup. That group of package amendments also drew the support of the administration.

Action is important. I am hopeful, given the unanimous support in the committee, and I do not perceive any major controversy or differences involving this legislation, that we will be able to act on it speedily today and complete our work in short order. I very much hope any Members who may have amendments will bring them to our attention promptly so we will be able to move this legislation forward. We are, of course, in the closing weeks of the session and there is a long agenda of items to be considered by the Members. I think if we can move this legislation and clear it quickly—and I see no reason why we should not be able to do that—it would be helpful in addressing the balance of the agenda which confronts us.

I ask unanimous consent to print in the RECORD a letter sent by a broad coalition of industry groups urging swift Senate action on the reauthorization of this legislation.

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

THE BUSINESS COALITION FOR EXPORT ADMINISTRATION ACT REAUTHORIZATION

SEPTEMBER 12, 1990.

DEAR SENATOR: As the 101st Congress draws rapidly to a close, the Senate will be faced with determining which bills to bring to the floor and which will have to start the legislative process over again next year. On behalf of many of the major industry trade associations in Washington, we would like to urge strongly that time be set aside as quickly as possible for rapid passage of S. 2927, the "Export Administration Act Amendments of 1990."

Given the extraordinarily rapid technological and political change in today's world, it is critical that U.S. business can compete with other countries for emerging markets. We need legislation that helps assure that we do so, by requiring that our export controls adjust to advances in technology and are similar in scope and application to those of our competitors.

The Export Administration Act expires on September 30. We believe it is important that the bill be passed promptly by the Senate and sent to conference. If the Senate and House conferees move rapidly in their consultations, a good compromise bill, combining the best provisions in the Senate and House legislation, should be obtainable before the Congress adjourns.

We greatly appreciate your attention to this legislation, which can further U.S. efforts to maintain a healthy industrial base, to stimulate the creation of well paying jobs, and to improve our balance of trade.

ADAPSO—The Computer Software & Services Industry Association; Aerospace Industries Association (AIA); American Association of Export and Importers (AAEI); American Electronics Association (AEA); American League for Exports & Security Assistance (ALESA); The Business Roundtable (BRT); Computer and Business Equipment Manufacturers Association (CBEMA); Electronics Industry Association (EIA); Emergency Committee for American Trade (ECAT); National Association of Manufacturers (NAM); National Foreign Trade Council (NFTC); NMTBA—Association for Manufacturing Technology; U.S. Council for International Business (USCIB).

EMERGENCY COMMITTEE FOR AMERICAN TRADE,

Washington, DC, September 13, 1990.

Hon. GEORGE J. MITCHELL,

U.S. Senate, Washington, DC.

DEAR SENATOR MITCHELL: The members of the Emergency Committee for American Trade (ECAT) urge your support of S. 2927, the Export Administration Act Amendments of 1990, which we understand is about to be considered on the Senate floor.

ECAT members are the heads of 64 major U.S. firms that have annual worldwide sales in excess of $1 trillion and over 6 million employees. Our members are among the nation's largest exporters and thus have a direct interest in U.S. export control laws and regulations.

Reform of the United States export control laws is of critical importance to the national security of the United States and to the international competitiveness of ECAT and other U.S. firms.

S. 2927 updates the U.S. export control system. The updating is necessary to ensure that our export control system keeps pace with the rapid evolution of products and technology that are available in the commercial marketplace. It is also necessary to accommodate to the monumental changes underway in Eastern Euorpe and in the European Committee (EC).

We urge enactment of export control legislation before the end of this congressional session. It is of vital importance to the U.S. business community.

Sincerely,

ALLEN F. JACOBSON,

Chairman, Emergency Committee for American Trade and Chairman, 3M.

Mr. SARBANES. Mr. President, there is a committee report which goes into careful detail in describing the provisions of the legislation. We continue to seek the balance and necessity of precluding the transfer of high technology which would serve military purposes, on which I think there is general agreement, obviously for that not to take place, with allowing the transfer of technologies which serves important trade and commercial purposes.

There is, obviously, a necessity for the United States to take a position which commands the support of the other industrial countries if any regime is to be effective, because if we try to be overly restrictive and are unable to enlist the support of others in that effort and they proceed to transfer that technology, obviously, the effort to preclude it is not effective. By the same token, I think our people have discovered that if the United States is able to act in a strong and reasoned manner, we are able to enlist the support of others for a control regime that is somewhat stricter than they might prefer.

One of the issues, and it is addressed in this legislation, is not just the substance of the control regime, but how it is implemented. As we listen to the business community who, in effect, say their efforts to trade are being arbitrarily impeded, it is clear that one of their concerns is the implementation

of the provisions. In other words, when you discuss a provision, and they say the provision may be all right, but it is the implementation that is causing us the problem, slowness in getting decisions which put our exporters at a competitive disadvantage with exporters from other countries; the national discretion and favorable consideration provisions which allow other countries to operate in a more expedited fashion; and there is concern that these countries will be more responsive than the United States in processing licenses under these procedures.

In response to this concern, the bill explicitly directs the Commerce Secretary to consider the actions of other members of Cocom in improving or denying licenses that are subject to such procedures and to seek to ensure that U.S. exporters are not placed at a competitive disadvantage. It sets a strict 15-day limit for processing licenses subject to national discretion procedures, and a 30-day time limit for processing licenses subject to favorable consideration procedures, although additional time is available for the Secretary to so notify the applicant.

We also require Commerce, State, and Defense, the three departments which have some involvement in this issue, to report and testify before the committee early next year on the status of implementing the Cocom agreements, including the progress that is being made on implementing the core list which Cocom is now working on.

So the committee intends to maintain a close oversight of this issue. We have tried to be responsive to the changing development in Eastern Europe, a matter of very important concern to all Members, and there are number of other provisions as well.

I think, Mr. President, rather than proceed to detail those, I will refrain and address those if they come up in the discussion period.

Let me talk about just a few items that are somewhat not a central part of the control regime, but important aspects of this bill. There is a significant provision dealing with the problem of the proliferation of missile technology. The bill calls on the administration to renegotiate the missile technology control regime to improve its effectiveness. It would also formally place the requirement to license dual use missile technology in section VI of the Export Administration Act.

In addition, it would require sanctions against foreign persons who, after the date of enactment, are determined by the President to have assisted missile proliferation through shipment of dual-use goods.

The bill contains a statement of policy that export license preferences for the People's Republic of China should be eliminated and that the United States should oppose proposals in Cocom to give preferential treatment to the PRC, compared to the treatment of other controlled countries.

There are two other titles to this legislation. Briefly, title II reauthorizes the export promotion programs of the Commerce Department for 2 years. It increases the number of minister-counselor level positions from 8 to 12, and requires a report from the Commerce Secretary on U.S. exports in any year in which the United States fails to achieve a merchandise trade surplus, as well as a report outlining a 5-year export market development strategy.

Chairman RIEGLE and Senator BOND are particularly interested in these provisions as part of our ability to be competitive, and we look forward to that report. The committee then, will be in a position to take further action, if required.

Last year, the Banking Committee authorized the Export Import Bank to undertake a 2-year pilot interest subsidy program to test the feasibility of that approach to financing exports. Congress authorized and appropriated funds for that program. The administration has not implemented it, and the supplemental appropriations bill required its implementation. We have authorized a demonstration program for an additional year since no action has been taken for such a long period in this fiscal year, and directed the Eximbank to use all amounts appropriated for that program.

Finally, title III of the bill imposes a series of economic sanctions on Iraq, including a ban on the export of items contained on the U.S. Munitions List for control for national security purposes under the Export Administration Act, Eximbank, and commodity credit loans or guarantees, and all forms of assistance under the Foreign Assistance Act of 1961, and the Arms Export Control Act.

I point out that the committee acted on this issue on the 17th of July in a markup; in other words, more than 2 full weeks before the Iraqi aggression in Kuwait.

Mr. President, that briefly summarizes the legislation that is before us.

I again want to express my deep appreciation to the members of the committee who worked in such a cooperative and positive way to move this legislation forward. I say to my colleagues, the other Members of the Senate, the committee reported this unanimously. It has strong bipartisan support in the committee. It is an important piece of legislation. It needs enactment, as the letter that has been included in the RECORD from a number of industry groups that are affected by the provisions of the Export Control Act indicates.

The administration is supportive of this legislation. They had some reservations about a few of its provisions and also about some of the amendments that were adopted in the committee. But I think it is fair to say they are anxious for it to be passed so that we would be able to go to conference with the House and address this issue before the end of the fiscal year. I hope we can act on it promptly. There is no reason it should take very long.

Mr. President, I yield the floor.

EXHIBIT 1

THE SECRETARY OF COMMERCE,
Washington, DC, July 13, 1990.

Hon. DONALD W. RIEGLE, Jr.,
Chairman, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: This expresses the views of the Administration on the July 12 Banking Committee Print regarding renewal of the Export Administration Act (EAA). We appreciate the Senate Banking Committee staff working with the Administration in the development of the Committee Print.

The Administration supports this Committee Print for the EAA reauthorization. It embodies the shared objectives and goals of the Congress and the Administration to achieve an effective export control system without diminishing the national security interests of the United States. These shared objectives are especially relevant because of the recent dramatic events in the Soviet Union and the emergency democracies of Central Europe.

We particularly support those sections of the draft that reflect the achievements made by the Administration during the recent High Level Meeting of the Coordinating Committee, the plans to proceed with further developments in the "Core List" exercise, preferential treatment of the emerging democracies of Central Europe, and the license-free zone for COCOM.

We continue to be concerned, however, about provisions in the Committee Print that impinge upon the President's discretion to negotiate with our Allies. The Administration also objects to provisions that unduly limit the prerogatives of the President in organizing and controlling the Executive Branch, in particular Section 111 (and the corresponding earmark in Section 117(b)(1)). In addition, the Administration opposes the extension of an Eximbank interest equalization program. Finally, in regard to Section 116 (Policy Toward the People's Republic of China), we note that the Soviet Union, Eastern Europe, and China represent different strategic threats and that the United States may, in the course of COCOM negotiations, have to accord different treatment to each in order to protect vital security interests.

We remain available to work with the Committee in developing an effective export control bill. We have been advised by the Office of Management and Budget that there is no objection to the submission of this report to the Congress.

Sincerely,

ROBERT A. MOSBACHER.

The PRESIDING OFFICER (Mr. AKAKA). The Senator from Pennsylvania is recognized.

Mr. HEINZ. Mr. President, I am pleased to add my strong support to this set of amendments to the Export

Administration Act. As the Senator from Maryland has been kind enough to mention, I have been intimately involved in the last three major rewrites of our basic export control law: the 1979 act, when I was privileged to be ranking on the committee with Senator Stevenson, in 1983 through 1985—yes, it took the better part of 2½ years to get our job done then—and in 1987 and 1988. In either capacity, as chairman or ranking member of this subcommittee, I have had the pleasure and privilege to be working with many able people, none more so, I might add, than the Senator from Maryland [Mr. SARBANES].

I particularly commend the Senator from Maryland for the very successful work he has done on this measure because it is, indeed, the product very strongly forged in the committee with his leadership, joined of course by the Senator from Utah [Mr. GARN] and the Senator from Michigan [Mr. RIEGLE] that has in my judgment developed a balanced bill which advances the cause of American exports and retains necessary controls over those critical goods and technologies that our adversaries could use against us. Equally important, this bill also represents a strong and bipartisan consensus about what should be our policy.

Therefore, the work that the Senator from Maryland has put in has not only been productive, but it has resulted in a strong work product politically which we believe will pass the many tests both on this floor, in conference with the House, and downtown with the White House.

Mr. President, as one might expect from events over the past year, we have done a good deal of rethinking of the question of who our adversaries are and what the nature of the threat is. While we are able to make a number of important changes in the list of those who fall into the category of adversaries, there is still no question that the category does continue at least to exist. Indeed, it is precisely in an effort to modernize the Export Administration Act to take into account the new political and military realities that we have included in this bill both major changes with respect to Eastern Europe and new control and sanctions language on missile technology.

With respect to Eastern Europe, the bill reflects the recently achieved great success for U.S. national security export control policy and the American exporting community at the Cocom high-level meeting last June.

At that time, Cocom, the 17-nation organization that coordinates the export control policies of NATO, Japan, Australia, announced that it had agreed to a significant reduction of controls to the emerging democracies of Central and Eastern Europe. That included the German Democratic Republic, soon to be a part of a unified Germany in just a matter of days, Poland, Hungary, and Czechoslovakia. All of those countries stand to benefit immediately from that historic agreement. Substantial liberalization is occurring, particularly in the critical categories of machine tools, computers, and telecommunications. In the latter case, we will now permit the export of exactly the kind of sophisticated common channel switching equipment and other technology that will permit these countries to move their telephone systems into the 20th century, not to mention the 21st, which is probably the most basic requirement of a modern economy in this communications age in which we live.

With respect to computers, we will now be able to export to Eastern Europe at a level substantially higher than what was previously permitted to go to China.

The Cocom agreement affirms what so many of us in the Senate have been saying since the political revolutions have rocked Eastern Europe, namely that the cold war is over and United States policy should reflect that fact.

I particularly commend President George Bush. I am confident that with respect to the result we had at the Cocom high-level meeting in June, he was personally involved in bringing about those changes. I salute him for the vision and courage he has demonstrated before, then, and since in taking these steps.

In particular, the liberalization is going to play a critical role in modernizing the economies of Eastern Europe. That is of great interest to me and a number of us on the Banking Committee—so much so that earlier this year, back in April, I took a Senate delegation to Eastern Europe. During our visit, the four of us—the other three were Senators GARN, CHAFEE, and BOND—were profoundly impressed by the prevalence of the word "democracy" throughout that region and the rapid movement—stunningly rapid movement—towards adopting both Western values and principles such as freedom of speech, the ability to think freely, not just talk but implement what you thought, to freely worship, to have free elections, and to commit, in spite of tremendous difficulties in transition, to a free enterprise system.We became convinced even the most skeptical of us, of the irreversibility of those changes. At the same time one could not help but be aware of the fragility of those new governments because of the economic crises that they face.

So while the ultimate burden of economic progress and reorganization has to be on those governments and those peoples themsevles, there is nonetheless a great deal that we in the West can do to help. We have begun that process here in this body and the other in the SEED legislation that was enacted last year and in the SEED II bill that will be considered shortly, but the most useful form of Western assistance, I am convinced, will come from our private sector in the form of investment and joint ventures bringing with it technology, management skills, and ultimately capital from wherever.

Making those kinds of investments inevitably depends on access to technology and our willingness or ability to transfer the kind of technology that is needed to mobilize the management and capital and, thereby, help transform those creaky economies.

So the Cocom decision which is embodied in this legislation, as the Senator from Maryland also pointed out, opens the door to this opportunity. The deepest meaning of this bill, therefore, Mr. President, is that the so-called level playing field, a very elusive playing field, has been achieved. U.S. firms, particularly those in the most advanced technologies I mentioned—telecommunication, computers, machine tools—will now be able to compete without the unilateral restrictions that had inhibited not only the transfer of technology to Eastern Europe but, more importantly, in this Senator's view, our ability in this country to compete in seeking markets for private direct investment.

Mr. President, it is a matter of record. Back in July 1989 I wrote to both Secretary Baker and Secretary Mosbacher. Then following our trip in April of this year I both wrote and visited with the President, in each case urging them to understand that we here in the United States had in that window the unprecedented opportunity to assist in the economic transformation of the emerging democracies of Eastern Europe; that opportunity in particular was by using Western technology and private direct investment to promote free market mechanisms—the transformation of the Communist system in effect to capitalism.

The agreement reached in Cocom last June is a loud affirmation of this relationship. So I am very pleased with that result. That is the kind of liberalization that we had hoped for.

I might add that the Cocom agreement also reflects the wisdom of those in the United States Congress, and there are many, not just those of us who went to Eastern Europe, who have disagreed with the administration's initial impulse to extend the benefits of the relaxation of controls to the Soviet Union.

Mr. President, the Soviet Union will benefit by the agreement in Cocom. Once an item is decontrolled, though, it is gone. Approximately one-third of the categories on the list will be decontrolled by the end of the summer and

a core list will be finished by the end of the year.

Country by country proposals for the core list are due in Paris this month. But even under the core list there will still be many sensitive items controlled by Cocom, attesting to the need for the continued existence of this organization.

The sensitive technologies, be they supercomputers, laser technologies, advanced telecommunications, navigation, avionics systems, marine technology and so forth, to name but a few, should not be made available to the Soviet Union under the agreement at least at this time. They are protected in this bill.

I will be among the first to grant that the remarkable changes in Eastern Europe have been made possible in no small measure by President Gorbachev's new policies. I commend him on those policies. But, ironically, those changes, although there were as recently as this week some hopeful signs in the form of new economic policies, still have not been matched in the form of implementation in the Soviet Union.

For all that it means in concept, up to now perestroika has so far brought very little gain to the citizens of the Soviet Union. Indeed, they are worried about being able, in spite of a record grain harvest, to feed themselves this year. They simply do not have the equipment or knowhow to get the grain from the fields to the markets.

So this legislation, Mr. President, continues to reflect the difference in status between the Soviet Union and its former satellites in Eastern Europe by permitting substantially greater liberalization with respect to the latter.

The other important development contained in the bill is the recognition of the growing complexity and diversity of the political landscape that has been made so evident this month and early last month by the Iraqi invasion of Kuwait. As the security threat from the Communist bloc recedes, it is apparent that the threat from other sources is increasing as other nations seek to acquire chemical, biological, or nuclear weapons and the means to deliver them.

This, as we have seen, is a profoundly destabilizing development and we have seen its consequences in such nations as Libya and now Iraq.

For that reason the Senate has passed and sent to conference chemical and biological weapons legislation that would set up both a clear licensing regime and a set of sanctions.

Similarly, the bill that is before us now contains parallel provisions, very important provisions, this Senator believes, on missile technology. A clear licensing regime and a set of sanctions, both provisions which are based on legislation that I introduced earlier this year, track closely the chemical weapons language and the language we already enacted into law in the 1988 trade bill providing for sanctions for companies that violate Cocom controls.

Taken together, these provisions provide a rather complete symmetrical control and sanctions regime for goods and technology that would otherwise have a profoundly destabilizing effect were they to fall into the hands of irresponsible parties in the world.

So, what is in this legislation will rep resent a marked improvement over the patchwork control structure under which we presently operate. But having said that, what we have in this legislation is not a substitute for a new multilateral control regime aimed at chemical and biological weapons and the missile technology to deliver them that is anywhere near what we have on Cocom.

We do not have as yet, if you will, a north-south Cocom to police, to identify, to restrict the transfer of these new weapons of mass terror and destruction.

Although I have earlier called for the establishment of what you might call a north-south Cocom, I am under no illusions that it will be easy to create such an organization. Nevertheless, we are fortunate. We have in the Cocom organization that exists an example, and it took us decades to perfect it, of an organization, a regime, a structure, a model that works. A north-south Cocom would have to develop an acceptable new definition of what regionally strategic materials, products, and processes were, and identify those as critical to controlling the spread of chemical and biological weapons and the means of delivering them.

There would have to be agreement on exactly who our targets are. Is it just Iraq and Libya? Obviously, that cannot be a sufficient list. We have to have a philosophy of who we are going to aim at.

Similarly, while Cocom has worked well because the members of Cocom have had control over most of the critical technology regarding our old concept of national security, there are other exporters that have the kinds of technology that we would want to control Brazil and Taiwan, for example, in any kind of chemical-biological and missile technology regime.

So we have to bring new players with us into a north-south Cocom,

Finally, we will have to have a new and revitalized commitment. One could say why not simply try to transform the existing Cocom organization from east-west to north-south? That may be a possibility. There may be a way to do that. But it is a possibility that is potentially complicated by the fact that our regime in Cocom today still has a job with respect to the Soviet Union and to the People's Republic of China, and bringing them into Cocom could prove difficult, because the new control regime in a north-south Cocom would have to be very separate from what we retain with respect to the Soviet Union and the People's Republic of China.

But having said that, Mr. President, I believe that that is the next task of international diplomacy. I believe that going beyond what we have built in this legislation is critical, because no matter how wise we may be as legislators, it is going to be essential for the administration, for our negotiators, for our diplomats, and those of other countries, to recognize the urgency of the proliferation problem for chemical, biological, nuclear, and missile technology so that we get on top of it before it gets us.

Having just been in the Persian Gulf, 127 miles south of the Kuwaiti border, knowing that there were weapons not very far away that could deliver chemical and biological weapons, gave me, as a result of the visit to Saudi Arabia with a number of our colleagues over the Labor Day weekend, a very personal appreciation of just what it is like living with those kinds of weapons of terror not very far away.

Mr. President, that said, let me return to one last aspect of the legislation before us and make one cautionary note. I believe that the legislation is a significant step forward with respect to decontrol, and that step forward will enhance the ability of American firms to market their products abroad, particularly in Eastern Europe, which will be a major new market for us.

But I am also aware that there are those who do not believe this legislation goes far enough. Indeed, the bill passed by the other body is generally regarded as going much further. At the same time, those more radical provisions have attracted considerable opposition, most notably from the President, who is not entirely without influence in these matters.

It is my hope that we can pass this legislation quickly and go to conference quickly and produce an act that achieves meaningful decontrol before the current law expires on September 30. I will be working with our colleagues, Senators SARBANES, RIEGLE, and GARN, to achieve that end.

I would caution the exporting community that achieving this objective is likely to necessitate on their part some compromise. To be very blunt, they are unlikely to get the whole loaf, if there is to be a bill. So a choice must be made. Do we have a bill with significant reform that may not address every single problem, but solves most of them, or do we get an extension of current law for another year?

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Some of us, Mr. President, have already made that choice. The Senator from Utah [Mr. GARN] and I have made that choice, even though we pressed for a major structural reform this year in the creation of an Office of Strategic Trade and Technology that would, among other things, centralize the administration of all of our export control and technology transfer functions.

We have deferred that proposal in the interest of producing a consensus bill that deals with Eastern Europe and other urgent problems.

Obviously, Senator GARN and I are not going to fade away into the woodwork. We will live to fight again another day on that issue—most likely next year. I encourage our remaining dissatisfied exporters to consider adopting the same philosophy, in the interest of making substantial progress this year.

Mr. President, I yield the floor.

Mr. CRANSTON. Mr. President, I rise in support of S. 2927, the Export Administration Act Amendments of 1990. This bill moves U.S. trade policy in a positive direction. It poses in concrete terms a principle that I believe has become abundantly clear: That our national security and our economic security are intertwined.

The current climate in the Middle East might make some of my colleagues hesitant to liberalize the exportation of U.S. technology. But I urge us to recognize some very important points:

First, the Export Administration Act was originally drafted to guard against the exportation of sensitive technologies to the Soviet bloc.

Clearly, the threat of aggression from these quarters has substantially diminished. The recent meeting between President Bush and President Gorbachev underscores the new era of cooperation between the United States and the Soviet Union. Almost all the countries of Eastern Europe have moved toward democracy and a free market system.

Thus, the underlying rationale for the Export Administration Act must be reexamined. S. 2927 advances our economic and national security goals by incorporating the multilateral Cocom agreement reached in Geneva this past June. United States industry needs new markets; Eastern Europe and even to some degree the Soviet Union need our technology to advance their banking and communications systems. We have the opportunity to advance both goals.

Second, there are many safeguards that are outside the purview of this bill and would therefore remain unaffected. These safeguards are intended to prevent sensitive technologies from falling into the hands of unreliable nations. Exports to Iraq, for example, have for quite some time been reviewed under foreign policy restrictions. The system may not be fool proof, but significant safety nets do exist.

In sum, Mr. President, I urge my colleagues to closely examine this bill and see that it is little more than the embodiment of the June Cocom agreement which was negotiated by the administration and agreed to by our allies. This bill represents a positive first step, but could go farther in enhancing the competitiveness of America's exporters particularly the high technology businesses which are facing increasing stiff competition overseas.

I urge my colleagues to support the bill reported by the Banking Committee and to oppose any weakening amendments.

I thank my colleagues, Senators SARBANES, RIEGLE, GARN, and HEINZ for their leadership on this matter and all of their hard work on this bill.

Mr. GARN. Mr. President, I rise in support of S. 2927, the Export Administration Act Amendments of 1990. This bill makes a number of important changes to United States export control policies in response to the dramatic changes taking place in Eastern Europe, the Soviet Union, and now in the Middle East. I would like to review these changes and urge the support of the Senate for this bill.

The policy changes that this bill comprises would not have been possible were it not for the revolution of 1989. Political change that began in Poland and spread through the Soviet bloc has dramatically changed the threat we face from Warsaw Pact forces. Across Eastern Europe, we are no longer dealing with countries who are armed adversaries, but neutral or friendly states. The Soviet Union, itself, under tremendous economic strain, is both letting these changes go forward and reevaluating its own failed political and economic policies. These changes have triggered a fundamental rethinking of the scope and role of Cocom, just as they have triggered a fundamental reevaluation of the role of NATO on which Cocom is largely based.

Based on work begun last year, the Cocom governments have accelerated and expanded efforts to streamline the technology control list, reduce licensing requirements among Cocom countries, and upgrade enforcement by member countries. In addition, specific initiatives are being pursued to differentiate licensing treatment for the newly emerging democracies from that accorded the Soviet Union, China, and other controlled countries that do not now deserve preferred treatment.

While these changes in the strategic situation facing Cocom are far reaching, the bill we are taking up is not a major revision of our export control law or process. This restraint is significant because the committee resisted not only the normal demands from the business community to reduce the system's regulatory burden but urgent demands for fundamental reform triggered by the perceived decline in the strategic threat. In fact, it was the very rapid pace of change in the East-West equation that required moderation on the part of the committee.

The dilemma facing the Banking Committee was to develop legislation that would endorse and encourage necessary change in U.S. and Cocom policy, without itself complicating the administration's job of achieving that change. To accomplish this, the committee made two basic decisions. First, the bill endorsed the efforts the administration has been pursuing in Cocom to reduce lower level controls and to increase levels of technology that can be exported to the newly emerging democracies of Poland, Hungary, and Czechoslovakia. Second, it was decided that it would be unwise and inappropriate for the Congress to mandate sweeping changes in the U.S. system at a time of such policy flux.

The decision to forgo major reforms was a difficult one for me. I have been as critical as anyone of the inefficiency and ineffectiveness of our present system and I had legislation pending in committee, my Office of Strategic Trade bill, to completely rewrite the EAA. Given the stress on a system trying to adapt, I was persuaded that this was not the year to pursue fundamental structural reform of the U.S. policy process. The committee similarly decided to resist the more sweeping proposals of the business community to alter the rules of the game.

I would like to focus on several provisions of the bill that I strongly support. A key element of the administration's new Cocom policy that has been endorsed by the bill is more liberal licensing treatment for newly emerging democracies in Eastern Europe. At the Cocom high level meeting in June, a new policy was announced for countries that Cocom determined to be a lesser strategic threat due to domestic political change and consequent specific commitments to protect Western technology shipped to them. These countries would be differentiated from the Soviet Union and provided more and better technology. This policy begins with access to advanced telecommunications systems and should, in the near future, produce more liberal access to all but the most advanced technologies.

The liberalization does not come without cost, however. The bill would require these countries to take substantial steps to safeguard any high level goods and technology exported to them, in order to insure that diversions to the Soviets or to terrorist

countries do not occur. The requirements include a system of effective laws and penalties, technology security arrangements for Western technology including inspection and verification procedures, and termination of intelligence cooperation with other countries seeking to illegally acquire Western technology.

I endorse this new policy based on my personal examination of the situation in Eastern Europe. I traveled there this spring with Senators HEINZ, CHAFEE, and BOND and met with the new leaders of Poland, Hungary, and Czechoslovakia. Those leaders told us of their desperate need for American technology to pull their economies out of a Communist depression that has lasted for 40 years. These new leaders indicated that strong commitment to keep any technology they receive in their own countries and to use it properly. I was impressed with their sincerity and support the new policy.

However, I am not prepared to take their commitments on faith. To assist them in keeping their commitments to safeguard our technology, the bill requires that U.S. authorities certify that they have effective export control systems in place before granting them expanded access. The Secretary of Commerce is directed to provide the greatest possible assistance to these countries in developing their own export control systems. If the countries fail to honor their commitments, the United States would lower the levels of available technology.

Finally, the bill backstops these other protections by adding sanctions for diversions. I proposed broadening the reach of the Toshiba sanctions I introduced in 1988 to cover companies in Eastern Europe, as well as other non-Cocom countries like Switzerland and Austria, that cooperate with Cocom controls in return for greater licensing benefits. This change responds to the increased risk of diversion which is an almost inevitable byproduct of expanded trade with Eastern Europe. We can be certain that former security agents and other possible bad actors will try to take advantage of freer trade to divert technology to the Soviets or terrorist states. By including additional countries under the Toshiba provision and adding denial of export privileges, the committee intends to deter theft and, when it occurs, to cut off such persons from technology access.

I believe this is an important addition to our export control policy because the Toshiba sanctions have worked in the past in focusing the attention of governments and industry on technology security. The leaders of Japan and Norway have stated this to me personally. It is my hope that the Toshiba sanctions will do so in the other cooperating countries. The governments there have little sympathy for their own bad actors and have little cause to object to, or fear, this change.

Beyond developments in Eastern Europe, the Banking Committee also responded to regional stability concerns in the Middle East and the developing world. The committee has become increasingly concerned with controlling North-South proliferation of technologies capable of producing and delivering weapons of mass destruction, such as chemical and biological weapons and the missile systems to carry them. This is the export control challenge of the future.

These proliferation issues represent complex export control problems in the U.S. context and internationally. Complexity arises in the U.S. context because the technologies of concern include both munitions and dual use items controlled by the State and Commerce Departments and subject to the jurisdiction of different laws, the Arms Export Control Act and the Export Administration Act, and different committees in the Senate, Foreign Relations and Banking. The United States controls both chemical toxins, and precursor chemicals that are widely traded goods but may be used in production of weapons. The United States also controls both military missile systems and their components and a range of dual use goods and technology that have direct application to missile development. In recognition of this complexity, the Banking Committee has focused on control and enforcement of dual use technologies that are subject directly to the jurisdiction of the act or are controlled multilaterally in cooperation with U.S. controls maintained under the act.

The international control problem is complex because our longstanding multilateral control arrangement through Cocom has focused exclusively on East-West trade and the leakage of militarily critical technology to the Soviet Union and its allies. North-South proliferation is not within Cocom's charter and there is no consistent policy with regard to licensing and control of chemical or missile technology among the Cocom countries. In response to this problem, interested governments have established alternative multilateral export control fora focused on proliferation.

The Australia Group was established in response to an Australian initiative in 1984 to address the proliferation of chemical weapons. Twenty members, including the 12 members of the European Community, plus the Commission of the Community, as well as Australia, Canada, Japan, New Zealand, Norway, Switzerland, and the United States, have agreed to establish voluntary controls on precursor chemicals deemed useful in production of chemical weapons, but no production technology is controlled.

The Missile Technology Control Regime, or MTCR, was created in 1987 in recognition of the fact that 20 or more countries had obtained or were acquiring production capabilities for offensive missiles. This represented an increasing threat to U.S. front-line forces and regional stability. Therefore, the United States joined Canada, Japan, France, the United Kingdom, Italy, and West Germany to create the MTCR. This welcome development has several serious drawbacks. First, the informal nature of the arrangement has generated criticism of ineffectiveness even among member governments. Second, the MTCR fails to involve all producers, especially the Soviet Union and China.

More generally, these alternative multilateral regimes are new and quite informal. They require no uniform controls and have no enforcement standards or mechanisms. As fallible as Cocom controls have been in the past, they are sufficiently comprehensive and well enforced to appear a solid barrier to diversion when compared to the nonproliferation regimes. This problem is heightened by the limited participation in these newer regimes which leaves open a wide variety of diversion channels, including through Cocom countries. For example, there have been widespread allegations of nuclear, chemical, and missile proliferation involving West German companies in recent years.

Improving on these current, informal efforts requires action in a number of areas. The lessons drawn from Cocom indicate that effective control requires strong legal and regulatory mechanisms among member countries, vigilant enforcement by all governments, and the involvement of all producer nations. Achieving these objectives will require substantial multilateral negotiations but it must start with a strong focus on these issues in U.S. export control laws and our own control system. It must also require vigilance in implementing the East-West decontrol now occurring in Cocom which, if not handled appropriately, could actually exacerbate the proliferation problem, creating channels of proliferation through Cocom and Eastern Europe.

The administration has been mindful of these concerns in the Cocom decontrol exercise. A range of goods and technology decontrolled for national security purposes, but of concern for proliferation purposes, are being maintained on the U.S. control list under the authority of section 6 of the act. For example, six categories of items totally decontrolled under section 5 remain subject to licensing and control because of nuclear and missile concerns. The committee recognizes that this action will reduce the impact of Cocom list reduction for U.S. export-

ers but it is a necessary step to meet our nonproliferation objectives.

I have been particularly concerned that the present weak statutory basis in U.S. law for proliferation controls must be strengthened. I initiated action by the committee with respect to both chemical and biological weapons and, in this bill, with respect to missile technology. The committee acted first with respect to chemical weapons. At a hearing last year, the administration indicated its support for discretionary sanctions authority related to chemical and biological weapons proliferation. Private sector witnesses strongly supported both country and company sanctions to stem proliferation.

At my urging, last November the committee marked up a series of chemical weapons amendments which were proposed by the committee during floor consideration of S. 195, the Chemical and Biological Weapons Control Act of 1989. These amendments were accepted by Foreign Relations with minor modification during floor consideration of S. 195.

This committee bill adds a series of missile technology provisions I proposed along with Senators HEINZ and MACK. Senator MACK called for a U.S. policy to renegotiate and strengthen the MTCR which was adopted by the committee. I proposed amendments directing the Secretary of State to negotiate with other countries to expand the Missile Technology Control Regime and the Australia Group with the goal of developing comprehensive multilateral nonproliferation regimes along the lines of Cocom. In particular, these new regimes would establish a common standard of enforcement, and the Secretary would be required to review the performance of cooperating countries annually.

My amendments would also provide a statutory basis for U.S. participation in the MTCR. It would require creation of a missile technology control list and specify conditions for review, approval and referral of missile technology licenses. It would offer preferred licensing treatment for shipments to cooperating countries.

I strongly supported Senator HEINZ proposal to add company sanctions provisions from his missile technology bill, S. 1924, to the committee bill. This amendment, much like my Toshiba sanctions provision, would require the President to impose sanctions on any foreign person he determines is knowingly shipping dual use technology on the MTCR annex to assist missile proliferation. The major difference between this sanction and the Toshiba and CBW sanctions is the broader discretion for the President not to impose sanctions. This greater flexibility is in recognition of the fact that efforts to control missiles lack the cohesion of either Cocom controls or international rejection of chemical weapons, and greater discretion is required in their use.

Senator BINGAMAN has proposed a series of amendments to the Banking Committee's missile technology provisions that I am also supporting. During consideration of the Defense authorization bill Senators BINGAMAN, GORE, and MCCAIN proposed an amendment to add missile technology licensing and sanctions provisions to the Arms Export Control Act. I worked with them to craft an appropriate division of responsibility between that law and the EAA, and separated out issues along jurisdictional lines between their bill and the banking bill. The modifications to Senator BINGAMAN's bill and his amendment to our bill provide the parallel structure and linkages to which we agreed. Because of the parallels of these bills, Banking and Armed Services conferees will have to coordinate their dealings with the House Foreign Affairs closely. I look forward to working with them.

The final provision of the bill that I would commend to the Senate is my amendment regarding the People's Republic of China. I proposed eliminating any Cocom licensing preferences for the PRC because of that country's massive abuses of human rights and its known assistance in the proliferation of missiles and nuclear technology to politically volatile regions of the world. The bill would also generally deny licenses for the export to the PRC of goods controlled for proliferation reasons without firm assurance that the technology will be appropriately used and not transferred to others.

This is a balanced bill that recognizes changes for the better, and for the worse, in our strategic position. It would encourage the process of adaptation within Cocom and encourage a stronger focus on nonproliferation. It would also permit significant new market opportunities for American business. While no export control bill I have ever worked on includes everything I would have liked, I believe this is good legislation. Its export control and export promotion title are supported, with only minor objection, by the administration with whom we worked closely. I believe it merits the support of the Senate and urge its adoption.

Mr. RIEGLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. RIEGLE. Mr. President, I rise in support of S. 2927, the Export Administration Act Amendments of 1990, a bill which updates our export control regime to take account of current international realities and enhances our Nation's export promotion and finance activities.

The Export Administration Act [EAA] provides the statutory basis for the national security export control regime we have had in place since the beginning of the Cold War in the 1940's. We used such controls to deny the Soviet Union and its allies those critical machines and technologies they could have used to strengthen themselves militarily. Since the implementation of effective export controls depended on cooperation from our allies, the Coordinating Committee for Multilateral Export Controls, or Cocom, was formed in 1949 to harmonize allied export control policies. Cocom membership consists of the NATO countries—except Iceland—Japan, and Australia. Export controls we coordinated with our allies were most helpful to the United States in making our containment policy toward the Soviet Union, formulated in the late 1940's by President Truman and his advisers, succeed.

The success of that policy, marked most vividly by recent events in Eastern Europe and the Soviet Union, raises new questions about what type of export control regime makes sense in a new era of East-West relations. Those questions are particularly relevant when we understand our allies in Europe and Japan believe that a real relaxation of export controls is now required. During our deliberations to further streamline our export control regime this year, it became clear that if we do not adapt our export control regime to the new international realities then Cocom, the organization through which we coordinate controls with our allies will disintegrate.

We have also come to understand that in the post cold war era of global economic competition, we cannot hamper our exporters with controls that no longer make sense. In fact, overburdensome export controls that harm the ability of our industries to compete for sales in this new era will hamper rather than help our national security goals.

It was within this context that the Banking Committee set out this year to update the Export Administration Act so as to take account of the new global realities. Senator SARBANES, the chairman of our committee's International Finance Subcommittee, took the lead in developing the legislation that is now before us. Among other things, the bill incorporates in statute the decontrol agreements the administration reached in Paris in June with our Cocom allies and directs that these decontrol measures be implemented in a manner that will not disadvantage U.S. exporters. The bill also makes it possible for the newly emerging democracies of Eastern Europe, such as Poland, Hungary, and Czechoslovakia to obtain the Western tech-

nologies they need to modernize their economies.

The bill differentiates in the level of decontrol that will be granted to the East European countries as opposed to the Soviet Union. This reflects the recent agreement reached between the United States and its Cocom allies and is based on the premise that the strategic threat posed by the Soviet Union still differs greatly from that posed by its former client states in Eastern Europe. The bill also requires the administration to appear before the Banking Committee early next year to report the results of the core list review being undertaken with our Cocom allies to dramatically pare remaining controls to ensure they are maintained solely on items critical to our national security.

S. 2927 goes far in meeting the needs of our exporters in the new age of global economic competition and does so in a way that the administration believes does not jeopardize our national security in any way. Secretary Mosbacher wrote to me prior to our July 13 committee markup that the bill presented to the committee was supported by the administration.

The bill reported by the committee also takes account of the new threat posed to our national security by the proliferation of missile technologies to unstable governments. Title I of S. 2927 has provisions to control the exportation of dual use technolgoies that would help certain countries designated by the Secretary of State to develop or produce missiles capable of delivering chemical, biological or nuclear weapons. The absolute need for such controls has been made dramatically clear by recent events in the Persian Gulf. These provisions when combined with those passed August 3 as part of the Defense authorization bill, which amend the Arms Export Control Act, will produce a comprehensive and sensible missile technology control regime.

Title II of S. 2927 is designed to strengthen our country's export promotion and finance activities so as to enhance our international economic competitiveness. While trade promotion and financing is only one part of what must be a national effort to strengthen our trade posture, it is an important element. Among other things, the title requires the Commerce Department to develop a national strategy to coordinate and strengthen our ability to export. It provides that the Commerce Secretary should report to the Banking Committee once a year about how much a strategy is being implemented. This is a matter in which I have a strong interest and I urge the administration to implement this provision with the seriousness that our international debt status makes necessary. I strongly agree with the thoughts expressed by Deputy Secretary of State Lawrence Eagleburger in a cable recently sent to U.S. diplomatic posts throughout the world:

> We as a government and as a society are going to have to acknowledge that our economic health and our ability to trade competitively on the world market may be the single most important component of our national security as we move into the next century.

I want to commend Senator SARBANES for his leadership in developing S. 2927 as well as Senators GARN and HEINZ, and all members of the Banking Committee for the bipartisan manner in which our committee worked to develop the bill being presented to the Senate today. I urge my Senate colleagues to pass this bill so we can begin our conference with the House and complete a bill to renew and reform the Export Administration Act before it expires on September 30 of this year.

This bill has been a major priority of the committee. I feel strongly about reforms that have been made to the Export Administration Act. It is significant improvement over existing law, and the Senate should waste no time in passing it.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts [Mr. KERRY].

Mr. KERRY. Mr. President, first of all I want to thank the Senator from Alabama for permitting me to jump ahead of him. He has been waiting patiently. I do not have an amendment. I wish to make some remarks regarding this legislation.

I want to begin, if I may, by expressing my appreciation and respect for the job which the distinguished Senator from Maryland [Mr. SARBANES] has done in pulling together a consensus on our committee to move this bill forward. I appreciate enormously his willingness to work with me and with others in moving the legislation some distance in certain areas, in order to meet our thoughts and initiatives.

Mr. SARBANES. Will the Senator yield for a second?

Mr. KERRY. Yes.

Mr. SARBANES. I appreciate the Senator's very kind remarks. I want to say that the Senator had a very positive and constructive impact on shaping this legislation. On many of the issues that the Senator brought to our attention in the course of preparing the committee print and dealing with it in markup, an effort was made to respond to it in the legislation.

I think the legislation was significantly improved because of his efforts, and we are most appreciative.

Mr. KERRY. I thank the Senator for those comments, and I particularly thank him for the cooperative effort here.

I personally believe that this is an enormously important piece of legislation for us. As the Senator from Pennsylvania has made clear, there is a real balancing of some very important interests here. And for years we have been almost tongue-tied and hamstrung by the inability to really balance those equities.

We have tended to define our interests in guaranteeing our national security and in restraining the ability of our business community to be able to move into certain markets. I personally believe that we overplay that hand somewhat. The real security interests of this country are going to be met through other kinds of protocols and other kinds of restraints. The realities of the marketplace in today's world are such that we wind up more shooting ourselves in our own foot and denying ourselves jobs and growth, while allowing other countries that are less sensitive to some of the concerns expressed in the restraints to gain the market share that we forego and to sell to people that we restrain ourselves from selling to.

I think we have tried to balance that as effectively as possible in this particular piece of legislation. It is not easy, and I do not pretend that it is. The hard reality is that the State I represent, Massachusetts, is particularly dependent on exports and on high technology. And over the last years, we have watched—not happily, not without frustration, and not without efforts to change it—but we have been forced to watch while significant jobs are lost and significant market opportunity has been lost because of our export control licensing process.

Mr. President, in the United States of America, it takes a business significantly longer to get an export license in order to get a product into the marketplace than Germany or Japan.

Therein lies a great deal of the story of why the United States is struggling in the international marketplace, and why so many of our companies are so frustrated with Government. We have tended to restrain our companies from selling the particular technology, while other countries do not restrain their companies from doing so and are much more rapid than we are in permitting them to get into the marketplace.

The result of this is serious. We lose the ability to even bid on certain contracts. This is because a company in Europe will sit there and say: Well, we cannot rely on you to provide the spare parts. We cannot rely on you to be able to provide the product on time. The United States has even required that if an overseas customer needs a spare part for a particular product, that customer has to come back and get a license for the very same compo-

nent that is part of a product that has already been licensed.

The fact is that we have driven ourselves away from countless revenues as a result. We do not even have accurate figures to be able to tell precisely how much.

But the latest accurate data that we do have, for the year 1985, showed that just in Massachusetts alone we cost our State between $250 million and $1 billion of revenue and between 6,000 and 24,000 jobs because of these restraints.

I give you an example. I was in a company recently in Massachusetts called General Instruments, which does sonar mapping. They wanted to sell their sonar mapping capacities to certain research vessels in Europe. They were denied a license to do so. Consequently, the European country undertook its own development of that particular technology and within a short period of time had surpassed our company's technology and, lo and behold, the Government of the United States turned around and said to our company in Massachusetts, "We are not going to buy from you; we are going to buy from the company in Germany." That is the craziest thing I ever heard of. That is precisely why so many companies in our country and so many chief executive officers are frustrated with the capacity of Government to get in the way and the capacity of our own Government to gum things up.

Since World War II, 75 percent of the productivity increase of this Nation has come from technology advances. Unless we recognize the changes in the marketplace today and get out there and permit those companies to continue to create those kinds of technology advances, we are going to continue to fall further behind and watch the wages of our workers fall lower and our standard of living go down with it. I do not think anybody wants that. That is what this bill is directed at. It is directed at trying to liberate the creative energy of this country in order to get our businesses into the marketplace doing what they ought to do and soften the self-imposed restraint process we have.

The jobs I talked about that we lost do not even reflect the immeasurable impact of the loss of GNP, the lost market position, the underdesign of products that are created as a result of this restraint, and certainly does not reflect the wasted management time, the hundreds of hours trying to bang on doors in Washington to resolve the disputes between the State Department, the Defense Department, and the Commerce Department.

Now, this bill is not going to resolve them entirely, and as the Senator from Pennsylvania said, it may not even reach quite as far as some of us would like it to. I believe it does go a distance in assisting us to get into the marketplace and compete.

Very quickly, the four things that I think are most important in that respect is the Cocom license-free zone that will exist by December 31, 1991, a zone that will exclude reexports of products that have 25 percent or less of U.S. content in those products. That is going to eliminate some 30,000 licenses per year. It is interesting to note that of those 30,000 licenses per year in the past, less than 10 of them have been rejected. So for 10 products rejected we have had companies spending 114 days on average trying to get some 30,000 licenses. It is absurd.

There will be an automatic indexing procedure that will be used by the Secretary of Commerce to determine the licensing of the decontrolled exports. I think that automatic indexing is important because it will facilitate our keeping up with state-of-the-art changes in technology.

In addition, trade with Eastern Europe is going to be decontrolled to the thin greenline for all products except for telecommunications and computers and those products will be subject to the national discretion standards, and the favorable consideration standards.

There will be shorter time limits set for the administration to review each license, and that will speed matters up.

Finally, the technical operating data that accompanies many products will not in and of itself require separate licensing, which can often wind up restraining a particular transfer of a product.

So, Mr. President, in summary, I think this is a very important piece of legislation. We hear a lot of rhetoric around the Congress about competitiveness. We hear an awful lot of talk about getting Government off the backs of people and business, and so forth. I think this does so to a significant degree. It assists us to do what we always said we do best.

I associate myself with the comments of the Senator from Pennsylvania with respect to transition in Europe and what this does for our ability to move, hopefully, in directions we would like to go to sustain this move toward democracy, to assist other countries to provide for their people while at the same time opening up our own markets. I also particularly share the notion of North-South trade where I think we have greatly neglected opportunities and where we should turn a considerable amount of our attention.

But, Mr. President, I think it is very important, and I hope the Senate is going to move rapidly, and I hope the conference committee will meet and act rapidly so we can have the President sign this into law.

Again, I thank the distinguished Senator from Alabama for his forbearance, and I yield the floor.

The PRESIDING OFFICER. The Senator from Alabama [Mr. SHELBY].

AMENDMENT NO. 2656

(Purpose: To amend the International Emergency Powers Act to increase the amount of civil and criminal penalties which may be imposed under that Act.)

Mr. SHELBY. Mr. President, I have an amendment at the desk, and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alabama [Mr. SHELBY] proposes an amendment numbered 2656.

Mr. SHELBY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 48, after line 21, insert the following new section:

SEC. 306. EMBARGO PENALTIES.

Section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) is amended—

(1) in subsection (a), by striking out "$10,000" and inserting in lieu thereof "$250,000"; and

(2) in subsection (b), by striking out "$50,000" and inserting in lieu thereof "$1,000,000".

Mr. SHELBY. Mr. President, this amendment that I offer today would increase the penalties for a violation of the Presidential embargo against Iraq and Kuwait. Under current law, the penalties for a violation of a Presidential embargo are so insubstantial as to be almost meaningless. The civil fine for a violation of a Presidential embargo is currently set at $10,000 and the criminal fine is set at $50,000. My amendment, which I am offering now, will raise the civil fine for a violation of the Presidential embargo to $250,000 and the criminal fine will be set at $1 million.

Mr. President, I do not believe that I have to remind my colleagues of the commitment we have made in the Middle East. Not only have we placed the lives of thousands of U.S. men and women on the line there, we have entered into a commitment that will cost our Nation billions of dollars in the next few years. An integral part of our success in the Mideast will depend on the success of the President's embargo against Iraq and Kuwait. If our mission in the Mideast is to be a success, then the embargo must be strong and impenetrable. To ensure the effectiveness of the embargo, we need to say to those individuals and those businesses that would do business with the regime in Iraq for mere profit, "You will be punished severely." The current fines, as I said, are so low that they do not serve as a deterrent or even adequate punishment for violat-

ing a Presidential embargo. The current law is a mere slap on the wrist. I believe my amendment will put some bite into the punishment for a violation of a Presidential embargo.

I encourage all my colleagues in the Senate to join me in supporting this amendment. The least we can do for the men and women whose lives we laid on the line is to ensure that those in this country who work against their mission, our mission will be punished and not allowed to enjoy the fruit of their ill-gotten gains.

Mr. President, I yield the floor at this point.

The PRESIDING OFFICER. The Senator from Maryland [Mr. SARBANES].

Mr. SARBANES. Mr. President, first of all, I commend the Senator from Alabama for this effort to strengthen the effect of the sanctions that are with the embargo. The amendment changes an underlying provision of the law, and the only thing I want to be certain about is that we make it country specific to Iraq and Kuwait. It may be that underlying provision ought to be changed generically, but we have not had a chance to look at that.

Mr. SHELBY. Mr. President, will the Senator from Maryland yield?

Mr. SARBANES. I yield.

Mr. SHELBY. I have no problem with amending the amendment I offered to make it country specific if the Senator from Maryland would so move to do this. I hope, though, that if we do make it country specific—and that is what we are looking at—what is happening in the Persian Gulf and Middle East area—we in the committee will look to make it generic possibly down the road.

Mr. SARBANES. I am happy to do that. I am reluctant to make it generic now, not having a chance to examine it. I am very supportive of the Senator's efforts to increase these penalties as they pertain to Iraq and Kuwait and enforcement of that embargo. We have invested, as the Senator has pointed out, not only an emormous amount of money but, even more importantly, we have placed the lives of our fighting men and women at risk, and anyone who cannot honor that embargo imposed by the President deserves to be subjected to the very severe penalties which the Senator is offering.

The PRESIDING OFFICER. The Chair would inform the Senator from Alabama that if he desires to modify his amendment he has a right to to so.

AMENDMENT NO. 2656, AS MODIFIED

Mr. SHELBY. Mr. President, in view of my conversation with the chairman of the subcommittee, the Senator from Maryland, I would like to modify my amendment by making it country specific, by adding a new section, "in the case of Iraq and Kuwait." I send the modification to the desk and I ask unanimous consent that the amendment be so modified.

The PRESIDING OFFICER. The Senator has that right and, hearing no objection, the amendment is modified.

The amendment (No. 2656) as modified, is as follows:

On page 48, after line 21, insert the following new section:

SEC. 306. EMBARGO PENALTIES.

Section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) is amended by adding a new subsection as follows:

(b) in the case of Iraq and Kuwait,

(1) a civil penalty of not to exceed $250,000 may be imposed on any person who violates any license, order, or regulation issued order the chapter;

(2) whoever willfully violates any license, order, or regulation issued under this chapter shall, upon conviction, be fined not more than $1,000,000, or if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

Mr. HEINZ. Mr. President, I join with the Senator from Maryland in our willingness to accept this amendment. I think the penalties that are proposed by the Senator from Alabama are certainly appropriate to the two countries that he has modified his amendment to target; namely Iraq and Kuwait. This sends a strong and serious message that we want our embargo to be effective, and those who violate it will not be able to do so with a slap on the wrist. Since a lot of money can be involved in an individual violation, the fines that he has proposed are by no means excessive in those kinds of cases. So I, on the part of the minority, am prepared to accept the amendment.

Mr. SHELBY. Mr. President, I ask that the amendment be adopted.

The PRESIDING OFFICER. Hearing no further debate, the question is on agreeing to the amendment, as modified.

The amendment (No. 2656), as modified, was agreed to.

Mr. SARBANES. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2657

Mr. HEINZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Pennsylvania [Mr. HEINZ] proposes an amendment numbered 2657.

Mr. HEINZ. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection it is so ordered.

The amendment is as follows:

On page 38, line 20, strike "and";

On page 38, at the end of line 22, add "and

"(D) inadequacies in Federal and State government and private sector export financing programs;"

On page 39, line 9, strike "and";

On page 39, after line 11, insert:

"(D) improve Federal and State government and private sector export financing programs; and".

Mr. HEINZ. Mr. President, this amendment simply modifies and expands somewhat the study referred to on page 38 of the bill, a very good study proposed by the Senator from Missouri [Mr. BOND] by simply making sure that that study includes inquiry into the inadequacies in Federal and State government and private sector export financing programs.

With that modification, we believe that the study can do a better job for the benefit of the sponsor, for the committee, and for our colleagues. I know of no objection to the amendment and I ask that the amendment be agreed to.

Mr. SARBANES. Mr. President, I am supportive of the amendment. I think that it adds another factor to be considered in the submission of this report. I think it can only be helpful to obtain the information which the Senator was seeking.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2657) was agreed to.

Mr. SARBANES. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. HEINZ. Mr. President, I ask unanimous consent that Mark Menefee be granted the privileges of the floor during the pendency of this measure today and each day the measure is pending and for rollcall votes thereon.

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

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

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

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

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

AMENDMENT NO. 2658

(Purpose: To limit commercial and financial assistance to Cuba)

Mr. HEINZ. Mr. President, I send an amendment to the desk on behalf of Senator MACK and Senator GRAHAM. I offer it in their behalf.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Pennsylvania, [Mr. HEINZ], for Mr. MACK (for himself and Mr. GRAHAM), proposes an amendment numbered 2658.

Mr. HEINZ. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection it is so ordered.

The amendment is as follows:

On page 37, after line 12, insert the following new sections—

"SEC. PROHIBITION OF CERTAIN TRANSACTIONS BETWEEN CERTAIN UNITED STATES FIRMS AND CUBA.

"The Trading with the Enemy Act is amended by adding at the end thereof the following new section:

"SEC. 44. Notwithstanding any other provision of law, no license may be issued for any transaction described in section 515.559 of title 31, Code of Federal Regulations, as in effect on July 1, 1989, unless a license may be issued for such transaction if such transaction were undertaken by a firm organized under the laws of any of the States of the United States."

Mr. MACK. Mr. President, the amendment before us is essentially identical to an amendment which passed the Senate overwhelmingly twice before. Its purpose is to close a loophole in the current economic embargo on Cuba, thereby increasing the economic pressure on Fidel Castro to let his people finally enjoy the fruits of freedom.

I just returned from a trip to the newly freed nations of Central Europe, and to the Soviet Union. I am convinced that within the next year Fidel Castro will face an untenable economic situation as the Soviet Union cuts billions of dollars in subsidies to Cuba. The amendment before us will prohibit subsidiaries of United States corporations from filling the gap by trading with Cuba.

Over the past decade, subsidiaries owned or controlled by United States corporations have engaged in $2.685 billion in trade with Cuba. While only a fraction of Cuba's total trade, United States subsidiaries have been a key source of hard currency for cash-starved Cuba.

Mr. President, the people of Cuba are suffering under an increasingly desperate dictator. Human rights is deteriorating. More Cubans are risking and losing their lives by braving the 90 miles of water between Cuba and Florida. Dozens attempted to seek asylum in Western embassies.

Mario Chanes de Armas remains in prison after 29 years, longer than any political prisoner in the world. Ernesto Diaz Rodriguez is now spending his 22d year in Castro's brutal prison system.

Fidel Castro will not stand against the tide of freedom that is sweeping the globe. We must do what we can to hasten the end of his tyranny and to stand as one with the people of Cuba.

Mr. HEINZ. Mr. President, I know that Senator GRAHAM wants to speak on the amendment. I yield the floor.

Mr. GRAHAM. Mr. President, my colleague, Senator MACK, and I have proposed today an amendment which would extend to the current prohibition against the sale by United States firms of items to Cuba that same prohibition to the subsidiaries of those United States firms. This, essentially, Mr. President, is a return to the policy that the United States had initially enacted in 1975, which, subsequently modified, has been a major loophole and an opportunity for Fidel Castro to secure goods from Western nations. We would now propose by this amendment to return to the 1975 law.

Mr. President, I would like to make a few comments as to the state of Cuba today. Fidel Castro remains one of the last political dinosaurs of the 20th century. As the democratic tide breaks over the world, east and west, Castro stands with his finger in the socialist dike trying, almost comically, to hold back the forces of change.

His isolation became apparent during a recent visit with Soviet officials in Moscow. Those Soviet officials said in no uncertain terms that the Soviet Union is prepared to change, to reduce, to terminate its relationship with Cuba. This is for both internal and external reasons.

Internally, the Soviet people have reached their limits in terms of pouring an average of $5.5 billion a year of economic and military aid into Cuba. Externally, there is growing resentment at the fact that Fidel Castro has not only resisted, but has jeered and ridiculed the efforts at reform that are occurring within the Soviet Union and other former Eastern and Central European allies of Cuba.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks the English language text of letters written on June 22 of this year between the President of Czechoslovakia, Vaclav Havel, to Fidel Castro and Fidel Castro's response to that letter on June 29.

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

(See exhibit 1.)

Mr. GRAHAM. Mr. President, those letters reflect the schism that is occurring between Fidel Castro and the rest of the former Socialist world. In that letter to President Vaclav Havel, which was in response to President Havel's request that consideration be given to various political prisoners who had recently been sentenced to long prison terms in Cuba because of their efforts on behalf of political freedom and human rights, Fidel Castro responded with these words:

It was with no small surprise that we received your message in which, forgetful of your high office, you have resorted to a gross breach of Cuban sovereignty. It also exposes your absolute ignorance of the problems of our country that you dare address in complete lack of respect for our organs of justice.

Citizens subjected to the process of justice against which you irresponsibly protest are no defenders of freedom, contrary to what you suppose and allege. The rights of our citizens are in our country protected by the constitution of the Republic and it is not desirable that the president of Czechoslovakia hurry to defend them since these rights are supported by millions of citizens who would give their lives for their defense.

The seven persons that you have the nerve to defend without knowing the circumstances of their trial are mere instruments of North American imperialism, which you so gladly support without recalling its history of aggression and interventions * * *.

Mr. President, that conveys the sense of the estrangement of Fidel Castro from the country which ironically provides to Cuba its representation in this, the Capitol of the United States of America.

Mr. President, I am convinced that the Soviets share our view, as do the Czechoslovakians and other countries, that Fidel Castro is headed for the dustbin of history.

The only problem is it is taking longer for him to get there than any of us would like. One of the reasons for that length of time is the fact that we have had an exception to our economic embargo against Cuba which has been utilized by Cuba to secure a substantial amount of its supplies, services, products from the Western World. Our amendment would provide that the same restrictions on the sale of goods to Cuba which currently apply to a United States firm dealing directly with the Cuban Government would apply to the subsidiary of a United States corporation, including a subsidiary in a third country dealing with Cuba.

As I indicated in my introductory comments, Mr. President, this would essentially return us to the policy as it existed in 1975. It also is consistent with the provisions that we are currently enforcing in our embargoes with North Korea, Cambodia, and Vietnam.

The Senate approved an identical provision to the one that I offer today in 1989 by a vote of 82 to 13. It is no wonder the majority of our colleagues, as well as the majority of the American people, agree that the policy of isolation of Fidel Castro is working, and that what we need to do in order to hasten the day in which there will be a free Cuba, is to tighten the noose. This will achieve one further closure of that noose.

By exploiting the loophole which is currently available, Fidel Castro is able to do more than $300 million a year in hard currency trade through subsidiaries. This represents about

one-sixth of his total trade with the non-Communist world.

This figure has the potential of growing as Cuba seeks new trading partners in the West to replace the certain decline in trade with Eastern and Central European countries and with the Soviet Union.

The Soviet Union has announced that effective January 1991 it will no longer provide subsidized assistance to Cuba, such as the below-market rate at which it has sold petroleum and the excessive amount of petroleum which it has sold to Cuba, which has allowed Fidel Castro to sell that excess in the world market and secure hard currency. The Soviet Union has also indicated it will begin to phase out both its military and economic aid, and require hard currency payments on a parity basis for any future trade with Cuba.

Those steps will have a further tightening of the noose around this almost last standing exception in a world which is moving toward democracy, pluralism, and free markets.

I encourage my colleagues to again support this important step, which will bring us one day closer to the restoration of the same values in this nation which is so close to us, and with which we have had such a long, positive historical relationship. It will close the book on a 30-year dark period of a divergence, a dark period in which the people of Cuba have been denied the basic liberties that their fellow human beings around the world are now rising up to seize, and secure, and to relish, to move together into a new era of peace and freedom.

May this action today bring closer the time when Cuba will be part of that worldwide march toward democracy and freedom.

EXHIBIT 1

HAVEL/CASTRO EXCHANGE ON HUMAN RIGHTS

The text of the Havel and Castro Letters have been published in Czechoslovak newspapers. Our informal translation of the letters is provided below.

Text of the Havel to Castro June 22 Letter:

"Mr. President, it is with regret that I have received the news that a Havana Court yesterday sentenced seven opposition figures to high prison terms. Their only crime was they demanded Cuba set out on the road of plurality, democracy, and market economy, or the road all the former totalitarian countries of Central and Eastern Europe are now on.

"Mr. President, I resolutely protest against the Cuban judiciary ruling, which I regard as another step your country has taken into the darkest past, as a gross breach of basic human rights, and as an insult to the civilized world. I therefore demand you act to have all the unfairly sentenced freed immediately."

Text of the Castro to Havel June 29 Letter:

"It was with no small surprise that we received your message in which, forgetful of your high office, you have resorted to a gross breach of Cuban sovereignty. It also exposes your absolute ignorance of the problems of our country that you dare address in complete lack of respect for our organs of justice.

"Citizens subjected to the process of justice against which you irresponsibly protest are no defenders of freedom, contrary to what you suppose and allege. The rights of our citizens are in our country protected by the constitution of the republic and it is not desirable that the President of Czechoslovakia hurry to defend them since these rights are supported by millions of citizens who would give their lives for their defense.

"The seven persons that you have the nerve to defend without knowing the circumstances of their trial are mere instruments of North American imperialism, which you so gladly support without recalling its history of aggression and interventions of which Panama is only the last example. The said persons violated laws which had been approved by our representative organs and which enjoy the militant support of our people. They are delinquents serving foreign countries and that is why they were put in front of court organs. Only court organs can rightly and with full authority decide about their punishment.

"Our people, who so heroically defend their independence, loyalty to socialism, and honor, only several miles away from the most powerful imperialist power of the world, must take outrage at your shameful slander by which you try to teach us a lesson in political morals. There exist such who will thank you and perhaps will reward you for insulting Cuba.

"We confess to our embarrassment at seeing the President of a country that until recently was friendly to Cuba show such lack of judgment and use language so disrespectful it prevents us from paying him the attention his office might deserve."

Mr. SARBANES. Mr. President, the very able and distinguished Senator from Florida has pointed out this matter was considered by the Senate last year and by an overwhelming vote was agreed to. In light of that, and in light of the statement of the Senator from Florida with respect to it, we are prepared to accept the amendment.

The PRESIDING OFFICER. The Senator from Pennsylvania, [Mr. HEINZ].

Mr. HEINZ. As the Senator from Maryland has pointed out, this has passed the Senate on two previous occasions. On our side of the aisle we are also prepared to accept the amendment.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senators from Florida.

The amendment (No. 2658) was agreed to.

Mr. SARBANES. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Pennsylvania [Mr. HEINZ].

AMENDMENT NO. 2659

(Purpose: To provide for enhanced verification of export license conditions)

Mr. HEINZ. Mr. President, I send an amendment to the desk for Mr. GRAMM and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. HEINZ], for Mr. GRAMM, proposes an amendment numbered 2659.

Mr. HEINZ. 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 appropriate place in title I of the bill, insert the following:

"SEC. AUTHORITY FOR PRIVATE INSPECTION SYSTEMS.

"Section 4 of the Export Administration Act of 1979 is amended by adding the following new subsection:

" "( ) AUTHORITY FOR PRIVATE INSPECTION SYSTEMS.—The Secretary is authorized to maintain a list of approved private inspection companies for the purpose of enabling exporters to submit independently verified, certified information necessary for effective and timely licensing." .".

Mr. HEINZ. Mr. President, let me take a moment to describe this amendment. It really is quite simple. It simply authorizes—it is permissive—the Secretary of Commerce to utilize private inspection companies to be used by exporters in independently certifying and verifying certain license information for the Commerce Department.

The language is permissive. It does not require the Commerce Department to shift any enforcement activities or any official activities to private vendors. That of course we would not want to do. It does, however, permit the use of private companies to undertake additional inspection procedures to support license applications. This should expand the information available to Commerce without endangering the enforcement process.

Although I am not offering this amendment myself, speaking for the minority we are prepared to accept it.

The PRESIDING OFFICER. The Senator from Maryland [Mr. SARBANES].

Mr. SARBANES. Mr. President, we have received some communications of concern about this amendment from the business community, and what its impact may be. As Senator HEINZ points out, though, the amendment only authorizes. It does not require or compel the use of such companies.

It seems to me we can take the amendment and go to conference. We will have an opportunity to hear what the concerns are, which we have only had just expressed to us. In any event,

since it is authorizing legislation and does not compel the department to do this, I am prepared, given that fact, to accept the amendment.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment offered by Senator HEINZ on behalf of Senator GRAMM of Texas.

The amendment (No. 2659) was agreed to.

Mr. HEINZ. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2660

(Purpose: Managers' amendment)

Mr. SARBANES. Mr. President, I send an amendment to the desk on behalf of myself and Senator HEINZ, the manager's amendment, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Maryland [Mr. SARBANES], for himself and Mr. HEINZ, proposes an amendment numbered 2660.

Mr. SARBANES. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 24, after line 9, insert the following new subparagraph:

"(E) No controls under section 5 eliminated after the Coordinating Committee High Level Meeting, June 6-7, 1990, shall be extended or reinstated using any authorities other than section 6 of this Act, unless the President determines that extraordinary circumstances directly affecting the national security of the United States exist and reports such circumstances to the Congress within 10 working days of such determination."

On page 28, line 24, after "technology" insert ", including all dual use goods and technology on the Missile Technology Control Regime Annex,".

On page 30, line 3, after the word "proliferation" insert "or is a potential channel of diversion identified pursuant to paragraph (5) of this subsection."

On page 30, after line 7, insert the following:

"(5) The Secretary shall establish a procedure for information sharing with appropriate officials at the Central Intelligence Agency and the Defense Intelligence Agency that will ensure effective monitoring of flows of MTCR technology to all countries that the Secretary of State has determined are of concern to the United States regarding missile proliferation in order to ensure detection of channels of diversion."

On page 30, line 12, delete all from "(a)" through "(1)" on line 13 and insert the following: "PROLIFERATION CONTROL VIOLATIONS.

"(a) VIOLATIONS BY UNITED STATES PERSONS.—(1) SANCTION.—If the President determines that a United States person has transferred or conspired to transfer or facilitated the transfer, in violation of the provision of section 38 of the Arms Export Control Act (22 U.S.C 2778), section 5 or 6 of the Export Administration Act of 1979 (50 U.S.C. App. 2404, 2405) or any regulations issued under any such provisions, of any item on the annex of goods and technology to the Missile Technology Control Regime, then the President shall deny to such United States person for a period of two years licenses issued pursuant to this Act for the transfer of missile equipment and technology.

"(2) DISCRETIONARY SANCTIONS.—In the case of any determination referred to in subsection (a), the Secretary may pursue any other appropriate penalties available under section 11 of this Act.

"(3) WAIVER.—The President may waive, to the extent required to meet the national security needs of the United States, the imposition of sanctions under subsection (a) if the President certifies to the Congress that—

"(A) the product or service is essential to the national security of the United States; or

"(B) such person is a sole source supplier of the product or service, the product or service is not available from any alternative reliable supplier, and the need for the product or service cannot be met in a timely manner by improved manufacturing processes or technological developments.

"(b) TRANSFERS OF MISSILE EQUIPMENT AND TECHNOLOGY BY FOREIGN PERSONS.—(1) SANCTION.—

On page 30, line 15, strike "1 year" and insert "2 years".

On page 30, line 15, after "(b)" insert "—(A)".

On page 30, line 24, after "State" insert ", or (B) the President has made a determination under section 73(a) of the Arms Export Control Act."

Mr. SARBANES. Mr. President, this amendment addresses two matters. The first relates to a concern raised by the able Senator from Delaware [Mr. ROTH], during a markup of this legislation with regard to the authority of the President to extend or reinstate export controls eliminated after the Cocom meeting which took place on June 6 and 7.

It was Senator ROTH's view that if the President wants to extend or reinstate export controls that had been eliminated after that Cocom high level meeting, it should be done under the foreign policy control provisions of section 6 of the Export Administration Act. He raised this concern in the committee markup of the act and an understanding was reached that an effort would be made to work out agreed language with the administration so that the committee could address this issue in a manager's amendment to be offered on the floor.

I am pleased to report the agreed language has been worked out with the administration providing that no national security controls under section 5 of the EAA eliminated after the Cocom meeting shall be extended or reinstated using any authorities, other than section 6 of the act, unless the President determines that extraordinary circumstances directly affecting the national security of the United States exist and reports such circumstances to the Congress within 10 working days of making the determination.

I think this essentially arrives at a constructive solution of this issue, and I particularly want to thank Senator ROTH for his leadership and cooperation on this important matter.

The second matter covered in the manager's amendment relates to the issue of missile technology proliferation. This legislation contains an extensive section addressing this issue and calls on the administration to renegotiate the missile technology control regime to improve its effectiveness and increase the number of countries participating in the regime. It would also formally place the requirement to license dual-use missile technology in section 6 of the Export Administration Act and, in addition, would require sanctions against foreign persons who, after the date of enactment of this legislation, are determined by the President to have assisted missile proliferation through shipment of dual-use goods.

Before the recess when the Senate was considering the Defense authorization bill, Senator BINGAMAN offered an amendment addressing the issue of missile technology proliferation as it relates to exports of defense articles controlled under the Arms Export Control Act. Several provisions of his proposal related to the Export Administration Act and the Banking Committee reached agreement with him at the time to include those provisions in the manager's amendment to the EAA.

Those provisions would further specify that all dual-use items on the missile technology control regime annex should be included on the EAA missile technology control list.

It would expand the range of missile technology licenses that must be referred by Commerce to the State and Defense Departments for their review; specify a procedure for interagency sharing of intelligence information on missile technology licenses; create an additional license denial penalty for U.S. persons who assist missile proliferation; and expand the provision of the bill that would impose sanctions against foreign persons by increasing the minimum penalty period to 2 years and make a violation of the parallel missile technology sanction provisions of the Arms Export Control Act, a basis for sanctions under this legislation.

I want to commend Senator BINGAMAN for his leadership on this issue, for his important contribution, and thank him for his cooperation.

Mr. McCAIN addressed the Chair.

The PRESIDING OFFICER (Mr. SHELBY). The Senator from Arizona.

Mr. McCAIN. Mr. President, I believe that the current version of the act we are considering represents a valid compromise for the time in which it was drafted. I believe the sanctions it places on Iraq are vital and necessary, and the provisions to limit the proliferation of long-range missiles complement legislation that was introduced and included in the Fiscal Year 1991 Defense Authorization Act by myself, Senator BINGAMAN, and Senator GORE.

I also, however, believe that we may soon be required to go further. The current crisis in the gulf marks the second time in the last 5 years we have faced a major threat to world peace, and the world's primary source of oil imports, from a state in the northern gulf.

Last time, that threat was Iran. Today, it is Iraq. Tomorrow it may be both nations acting together—overcoming their divisions and hatreds to forge a modern day version of the Molotov-Ribbentrop pact.

I believe that as we move forward with this act, we should consider whether stronger legislation should follow that uses the Export Administration Act to establish sanctions against any nation that violates the U.N. embargo on Iraq, and that sells arms, technology, and equipment to manufacture and deliver weapons of mass destruction, and dual use items to either Iraq or Iran.

Our first priority must be to force Iraq to give up its conquest of Kuwait, to check Saddam Hussein's immediate ambitions, and to put this evil genie back into his bottle.

It is clear, however, that liberating Kuwait will not be enough. Even if we are forced to war, much of Saddam Hussein's vast military machine will remain, and we cannot be sure we can root out Saddam Hussein's vast infrastructure to develop or manufacture chemical, biological, and nuclear weapons, and long-range missiles. We cannot be sure that many of Saddam Hussein's long-range strike aircraft will not remain.

In short, we must begin now to consider a longer term embargo that applies to both Iraq and Iran, which shuts off the shipment of every possible piece of military and dual use technology to these rogue and hostile states, and which confronts the world's arms sellers and merchants of mass destruction with a stark choice between halting sales to Iraq and Iran and being denied access to the American market.

In the past decade, roughly 100 billion dollars' worth of arms; military related equipment; and feedstocks, technology, and equipment for the manufacture of weapons of mass destruction has been allowed to flow to Iraq and Iran. The result has been a million Iraqi and Iranian casualties, a constant threat to friendly states in the region, and a growing need for the United States to act as the world's policeman.

Neither Iraq nor Iran, however, can hope to sustain their current military capabilities, or the present scale of their efforts to develop weapons of mass destruction, if they do not receive billions and billions of dollars more worth of exports.

Mr. President, if we use the full influence of the United States, and the full power of the American economy, we may well be able to convert Iraq and Iran to the world's largest military junkyards. We will reduce the need for a U.S. military presence in the gulf, and we will greatly reduce the risk of further atrocities and uses of weapons of mass destruction.

Mr. President, I do not believe that we should try to rush to pass such legislation today. I believe it will take time and must be carefully crafted. I do believe, however, that we should recognize that the sanctions in this act are only a beginning. We must go further or face the prospect of far more serious military challenges than the one we face today, and even more devastating wars.

Mr. President, I yield the floor.

Mr. HEINZ. Mr. President, the amendment limits the circumstances under which munitions controls can be used to extend or reinstate controls on items decontrolled by Cocom. Munitions controls could only be imposed under extraordinary circumstances as determined by the President, although export controls could, in any case, be maintained under section 6 of the EAA for foreign policy purposes.

It also contains a series of amendments on missile proliferation controls that sort out jurisdiction between the Banking Committee provisions of this bill and missile technology amendments attached to the DOD bill by Senators BINGAMAN, GORE, and MCCAIN. The amendments would:

Expand the list of controlled items by requiring that all dual-use items on the missile technology control regime annex should be included on the EAA missile technology control list;

Expand interagency license referral by Commerce to the State and Defense Departments for their review;

Require interagency sharing of intelligence information on missile technology licenses issued in order to detect diversion to countries of concern;

Expand penalties for missile technology violations by denying licenses to U.S. persons who assist missile proliferation, and making violations of parallel missile technology provisions of the Arms Export Control Act sanctionable offenses under the EAA; and

Expand sanctions against foreign persons by increasing the minimum penalty period to 2 years and making a violation of the parallel missile technology sanctions provision of the Arms Export Control Act a basis for sanctions under the EAA.

Mr. President, let me also say this about these amendments. The first amendment regarding those items decontrolled by Cocom will further clarify and further regularize the regime for dual use Cocom controlled items that are decontrolled, and the second set of amendments will substantially improve the scope and the means by which we can restrict and control the proliferation of missile technology. On the latter point, the obvious need to halt the growing arsenal of missiles acquired or being sought by the likes of Saddam Hussein is all the justification that is needed for this legislation.

So I urge our colleagues to accept it.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I ask unanimous consent to speak for about 6 minutes as if in morning business.

The PRESIDING OFFICER. Is there objection?

Mr. SARBANES. Mr. President, will the Senator allow us to adopt the amendment that is pending?

Mr BAUCUS. It is a voice vote?

Mr. SARBANES. Yes.

Mr BAUCUS. Yes.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment.

The amendment (No. 2660) was agreed to.

Mr. SARBANES. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. HEINZ. Mr. President, I ask unanimous consent that Senator MCCAIN be added as a cosponsor of the amendment.

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

Mr. LIEBERMAN. Mr. President, the world has changed dramatically in the last year, more dramatically than in any period since the end of the Second World War. The world order has been turned upside down. Terms like East versus West, superpower conflict, and national security have taken on new meaning. We are no longer fighting the evil empire. We are learning to do business with the "man of the decade." Instead of defining an allied military strategy, flexible response has come to mean differences between allies over how to aid the Soviets: Through technical assistance or direct financial aid.

National security is now defined in economic statistics as much as military might. An important measure of our ability to compete internationally is our balance of trade, and on this front we are falling down. The Federal Gov-

ernment has to assume a proactive role in helping our exporters compete, and one way of doing that is to update export laws that were written for another era. Another way is to aid our exporters as they compete against companies from other developed nations for markets in Eastern Europe and the developing world. The gentleman from Maryland and the Banking Committee have made a good start toward achieving these goals with the legislation before us today.

On June 28, I introduced S. 2826, the Trade and Competitiveness Act of 1990, which addresses some of the issues that the committee considered in the bill before us today. I would like to talk about two aspects of this bill that are particularly relevant to today's debate: Putting into law a definition of what a dual use item is and creating a more aggressive tied aid program combining AID, Eximbank, and TDP resources.

With regard to dual use and the whole topic of export controls, the committee has taken a complex and often contentious problem and fashioned a compromise that moves toward a more level playing field for U.S. exporters. The committee has also appreciated the need to remain diligent in the protection of America's security interests by keeping in place safeguards designed to prevent the exporting of defense sensitive technology.

But I wonder if the committee couldn't have gone a little further on the issue of dual use. A dual use item is an item that can be used for civilian and munitions purposes. The committee report language on what constitutes a dual use item is helpful in providing for a separation between the EAA and the Arms Export Control Act [AECA]. Senator GRAMM's excellent suggestions, as contained in the report, on how we might define dual use are extremely helpful as they attempt to create a clear distinction between the EAA and the AECA.

I still believe that there are two basic problems associated with dual-use items, or commodity jurisdiction, as it is better known. First, the statutes and implementing regulations of the EAA and the AECA do not provide clear guidance as to which commodities are controlled by one act versus the other. Neither act provides definitions as to what products are under its control. This results in frequent commodity jurisdiction disputes.

Second, the EAA imposes an obligation to coordinate its controls with those under the AECA. The practical effect of this asymmetry is that Commerce, which has primary authority in administering the EAA defers and "rolls over" to the decisions of the State Department, which has been designated primary responsibility for administering the AECA. As a consequence, there is a strong bias in favor of placing controversial items on the munitions list. Therefore, with a strong tendency for control, many of our truly dual use items are being inappropriately controlled, leading U.S. firms to lose markets to foreign competitors. In an era of fierce high technology competition, we cannot afford to constrain the environment for our companies and must allow them to freely compete.

As the civil arena becomes increasingly liberalized, the differences between how we treat items caught in the gray area between the two acts will be dramatically highlighted, and the emphasis on procedures, therefore, is more important than ever before. The U.S. tendency for using the munitions list as a basis for foreign policy sanctions already places U.S. high technology firms at a competitive disadvantage. We cannot afford to unilaterally control dual use items as munitions exports when those items are universally recognized as commercial items by our allies and competitors. Changes should be made in the AECA and EAA in order to conform, clarify, and coordinate the authority of the two acts.

I would like to suggest the following definition which includes many of the points taken from my bill as the excellent suggestions of Senator GRAHAM as offered in committee. My bill and others would require coordination between the agencies as coequals and recommends the following definition:

(1) items that are not specially designed, developed, configured, adapted, or modified for military intelligence application;

(2) items designed, developed, configured, adapted, or modified for military and space application which are used in commercial or civil (nonmilitary/intelligence) applications;

(3) items used in defense articles and services where the performance or functionally application is essentially equivalent to that found in the civil or commercial sector.

We have to begin to give our exporters a clear definition of what we mean by a dual use item. It is ridiculous to give an exporter an export license from the Department of Commerce and then have Customs or the State Department stop the exporter, because he does not have another license from the State. This only confuses the exporter and places the burden and blame on him for not having guessed correctly as to where he should have gotten his export license. Oftentimes, the delay causes the exporter the sale. Our exporters should not have to guess which is the right agency and then be penalized if they choose incorrectly. Senator GRAHAM addresses this problem with his report language by establishing criteria by which Commerce can claim jurisdiction and authority over dual use products. I would like to see us take that a step further and write into law, as specifically as possible, what it is we mean by dual use, using the Graham language as a starting point. By doing this, we would help eliminate any confusion in the mind of the exporting community as to which items they can export.

The line between commercial and defense technology is becoming increasingly blurred. For example, a microchip may be used in a VCR and also used in defense related radar. This is dual use. It has a commercial and military application. Smart cards fall into that same category. A smart card is like a credit card but with a microchip that permits the user to do things as simple as take out a library book or undertake a banking transaction. In fact, credit card companies have been told that smart cards that they issue fall under the jurisdiction of the munitions list. We need a clear definition of dual use technology.

All too often, existing law engenders bureaucratic infighting and makes life particularly difficult for our high technology, aerospace, and defense exporters. Let me give you an example of a problem a company had as a result of the problems associated with commodity jurisdiction. This particular company manufactures fasteners, nuts, and bolts, under a license from a European firm, and also produced in Germany, France, and Japan. These fasteners are used in automobiles, railroads, and bridges, as well as to fasten aircraft skin to frames, and had for years been exported under a general destination license. Last year, during a routine inspection, Customs detained a shipment worth $150,000 destined for the United Kingdom. Customs determined that the fasteners would be used in work related to fighter aircraft and asked whether a State munitions license was required. State responded that since the end user was military, State had proper jurisdiction. Customs was instructed to seize the shipment. The exporter was then subject to a fine and notified that the item could only be exported as a munitions list item.

The company appealed to Commerce for a commodity classification, stating that while the fasteners met military specs, they were not designed for the military, had numerous civilian applications and were readily available worldwide. Commerce agreed. What followed was a lengthy and costly appeal through the highest levels of both agencies before State agreed that the shipment could be properly exported under a general destination license.

This is one small example of the kind of problems that confront exporters. We are crippling industries that are important to the health of our Nation's economy. We must promote these industries' efforts to export to the fullest extent possible, not impede

them, if we are to lower our trade deficit.

There was a time in our Nation's history when trade was considered a kind of foreign aid program for our friends and allies. That time has passed. Now trade is vital to our economic future. It is time to take control of our economic destiny. It is time to protect our economic security by helping our Nation's exporters compete. Exporters are on the new front lines of the post-cold-war era of economic competition. We cannot expect them to keep up with their foreign competitors if confusion over government regulations puts them at a competitive disadvantage.

I, therefore, strongly encourage my colleagues on the Banking Committee, who will be in conference with the House on this bill, to do all that they can to put a definition of dual use into law. This small step could have a major positive impact on the lessening of our trade deficit.

The other issue that I want to address today is the question of tied aid. This subject pertains generally to the export promotion title of the bill, title II. Our exporters need government assistance in capturing new markets. American products are often competitive with the products of other nations, but it is the terms of trade—the packaging of a transaction—that makes life difficult for American exporters. Frank Doyle, a senior vice president at GE, was quoted recently as saying that "without competitive financing, we won't win any orders at all." That means not only direct loans and guarantees, it also means using tied aid as a tool to meet our competitors head on.

I am not advocating using tied aid unilaterally. But if we simply tell our exporters that we are ideologically opposed to tied aid and then walk away from them, we are shooting ourselves in the foot. The United States is running a $100 billion trade deficit, and we are not going to eliminate that deficit without being competitive. Our exporters need our help and support. A new aggressive tied aid program like the one that I have proposed in S. 2826, is one way of helping them.

My bill would establish a Capital Projects Bureau at AID that would work with the other AID bureaus in putting together capital projects that would be beneficial to our exporters. The annual budget for the Bureau would be $500 billion.

Within the Bureau there would be a special program for Eastern Europe. Initially the Bureau would conduct a study of the various sectors of the economies of the nations of Eastern Europe that need the most rebuilding. Those sectors would become eligible for assistance under the Capital Projects Bureau and cooperative programs that it will have with the Eximbank and TDP. The Bureau would establish desk officers and in country presence for the nations of Eastern Europe.

The bill also sets up a Capital Projects Interagency Board that would be administered by AID, Eximbank, and TDP, which would be the judge and jury over which tied aid projects should go forward. Such a board would bring these agencies even closer together as they deliberate on tied aid projects. Presently the National Advisory Committee [NAC] decides whether or not a tied aid deal will go forward. The new Interagency Board would be better suited to handle this issue since that will be its sole function, unlike the NAC which has a number of other issues with which it must contend.

The bill also increases the Eximbank's war chest to $500 million for each fiscal year, 1991 and 1992. This is important because the Bank remains the key agency in the tied aid battle. Joint efforts on tied aid programs betwen Exim, AID, and TDP are absolutely necessary to helping our exporters compete.

Ambassador Ernie Preeg, one of the leading experts on the issue of tied aid, said that our exporters lose an estimated $2.4 to $4.8 billion per year in exports because of foreign government support for our companies' competitors. The U.S. Commerce Department has estimated that merchandise exports accounted for approximately 7 million jobs in 1989. Bruce Talley, executive director of the Coalition for Employment Through Exports, was recently quoted as saying, the question of tied and export financing is "not only an income-trade issue, it's a jobs issue." He is right; more exports mean more jobs.

I realize that although my bill deals with tied and the Eximbank, the legislation that we are considering today may not be the appropriate vehicle on which to put my language, since my bill also deals with AID which is within the Foreign Relations Committee's jurisdiction. But I strongly encourage the gentleman from Maryland to hold a hearing on S. 2826 and the excellent bill introduced by Senators BOREN, BYRD, and BENTSEN on this same subject in his capacity as chairman of the Foreign Relations Committee's Subcommittee on International Economic Policy, Trade, Oceans and Environment. This is an issue that is important to our Nation's economic security.

Mr. GLENN. Will the distinguished Senator from Michigan engage me in a colloquy?

Mr. RIEGLE. I am happy to do so.

Mr. GLENN. Will the Senator clarify the intent of the bill S. 2927, with respect to the consistency of new export control reforms with U.S. nonproliferation objectives?

Mr. RIEGLE. It is the intent of this bill that no reforms undertaken pursuant to it shall have the effect of weakening existing controls over exports of goods and technology relating to nuclear, chemical, or biological weapons, or to delivery systems for such weapons.

Mr. GLENN. I thank the distinguished Senator.

Mr. SARBANES. Mr. President, I think we are in a position, if the Senator will defer for a moment, to pass this legislation. We have no further amendments pending. I know of no other amendments that are pending. If that is the case, we could pass the legislation and then revert to morning business and the Senator from Montana could be recognized to make his statement.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. Presdent, might I inquire whether a recorded vote would be required?

Mr. SARBANES. We do not expect a recorded vote.

Mr. HEINZ. I do not expect a rollcall vote on this. I agree with the Senator from Maryland; we are in a position to go to final passage. I understand there may be one other amendment offered. If that is true, that amendment should be considered now. Otherwise, the Senate is being detained. But I say to my friend from Maryland, I suppose no harm would be done by allowing the Senator from Montana to proceed as if in morning business for 5 minutes, or whatever he desires.

Mr. BAUCUS. Eight minutes, if possible.

Mr. HEINZ. And then go to final passage if nothing materalizes.

Mr. SARBANES. We are happy to do that. We do not want to close anyone out. When we first took up the legislation this morning, we indicated we hoped to move along quickly. We would like to do that and complete this work. I hope that we would be in a position to know if there are any further amendments. We are simply to some extent in a waiting pattern for that.

Mr. HEINZ. Mr. President, let me suggest this. I would be prefectly prepared to yield a brief amount of time as required by the Senator from Montana as if we were in a quorum call, which apparently would otherwise be necessary, to determine—and I will in a second—exactly what the status is of any amendments on this side of the aisle. But I share the desire of the Senator from Maryland to move along with this legislation.

Mr. SARBANES. Fine.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I ask unanimous consent to speak for 8 minutes as if in morning business.

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

The Senator from Montana is recognized.

IRAQ SANCTIONS

Mr. BAUCUS. Mr. President, on August 2, 1990, Iraq invaded Kuwait.

In retaliation to Iraq's invasion, President Bush imposed economic sanctions on Iraq.

In the following days, the United Nations denounced Iraq's actions and announced a total trade embargo, the United States and other nations committed troops to the region, and the United States began interdicting shipping to Iraq.

I, like almost all Members and the vast majority of the American public, support these steps. But the crisis demonstrates some important shortcomings in U.S. security policy.

Congress should immediately begin preparing legislation to address some of these shortcomings.

Later this week, I plan to introduce legislation toward this end. This legislation will strengthen the embargo against Iraq in three ways:

First, it will improve enforcement of the embargo against Iraq.

Second, it will liquidate frozen Iraqi assets to pay off Iraqi debts in the United States.

And finally, it would direct the administration to find new export markets to replace those lost because of the Iraqi embargo.

ENFORCING MULTILATERAL SANCTIONS

My legislation would essentially give the President authority to retaliate against nations that break the embargo on Iraq.

The President would be granted specific authority to retaliate by restricting imports into the United States from nations that he determines are violating the U.N. embargo on Iraq.

With several nations—including Iran—threatening to break the embargo on Iraq, this legislation is particularly timely.

It has become apparent in recent days that the problem of leakage around the embargo through air and overland shipments is becoming more serious.

There are press reports that Argentina may be planning to ship wheat to Iraq through Iran.

This legislation gives the President another tool—in cases where interdiction is inappropriate or impossible—to enforce the embargo.

The threat of meaningful trade sanctions should deter cheating on the embargo and ensure that the United States is not the only nation bearing the economic cost of the embargo.

LIQUIDATING IRAQI ASSETS

There's another matter: The United States has already frozen substantial Iraqi assets in the United States.

In retaliation, Iraq suspended payments on debts to creditors in the United States.

Iraq now owes creditors in the United States about $2.6 billion.

This includes about $2 billion in loans to Iraq guaranteed by the United States Department of Agriculture for loans to purchase United States agricultural exports.

If Iraq defaults on these debts, USDA's Commodity Credit Corporation would be forced to pay off the loans.

And these debts would cost the CCC approximately $900 million in fiscal year 1991 alone.

That would be a tremendous drain on CCC assets that are already drawn thin to support the farm program.

My legislation would direct the President to liquidate a portion of Iraqi assets sufficient to repay their debts to United States creditors—particularly the Department of Agriculture.

The point of this legislation is simple.

American farmers are already suffering because of the Middle East crisis in many ways. Farmers are paying drastically higher fuel prices because of the threat to the flow of oil. Farmers also stand to lose hundreds of millons in sales to Iraq because of the embargo.

But if we do not take action, farmers will also be effectively forced to pay off Iraqi debts out of the farm program. This is simply unacceptable. We must move to pass this critical legislation quickly.

EMPLOY EXPORT PROMOTION TOOLS TO MINIMIZE IMPACT ON U.S. EXPORTERS

Finally, the economic burden of the embargo on the United States is being borne primarily by United States exporters who have lost sales to Iraq.

Particularly hard hit are rice and wheat farmers, for whom Iraq has been a substantial export market.

American wheat farmers could be expected to sell about $170 million in wheat to Iraq in a normal year. But those sales will obviously not be made.

The news of the Iraqi embargo sent an already soft wheat market into a further slide. Wheat prices have plummeted to levels comparable to the farm recession of the mid-1980's.

Farmers understand the importance of the embargo and are willing to bear a fair share of the cost of the embargo. But we should attempt to minimize the impact of the embargo on our exporters—including farmers.

My legislation directs the President to use United States export promotion tools to minimize the impact of Iraqi sanctions on United States exporters.

Specifically, the President would be directed to help locate replacement markets for United States exporters and to use export credits that would have gone to Iraq in alternative markets.

Taken together these three provisions will strengthen the current embargo against Iraq and ensure that the burden of the sanctions is borne fairly.

CONCLUSION

Iraq's invasion of Kuwait has sparked what many call the first post-cold-war crisis. This situation demonstrates that we need to develop a national defense system capable of responding to the realities of the current world.

Obviously, that means developing a conventional military capable of intervening in Third World conflicts, and the lift capacity to get our forces where they are needed.

But there are other lessons. For example, we must enhance our ability to use economic as well as military power to respond to crises.

We have tried economic embargoes in the past to promote U.S. objectives. Almost every one of those embargoes was an unqualified disaster.

We have learned from our past experience. That is why we worked with other nations to impose this embargo multilaterally, not unilaterally, and to take steps to enforce the embargo.

Hopefully, this embargo will succeed and make bloodshed unnecessary. But there are a number of additional steps that must be taken to fine-tune the embargo. This legislation is an important step toward that end.

Mr. President, I yield the floor. I very much thank the Senator from Maryland and the Senator from Pennsylvania for their kind cooperation.

EXPORT ADMINISTRATION ACT AMENDMENTS

The Senate continued with the consideration of the bill.

Mr. SANFORD. Mr. President, I rise today to voice my strong support for S. 2927, the Export Administration Act Amendments of 1990. These amendments to the U.S. export control regime represent the fundamental changes we must make to maintain American dominance through economic strength and uncompromising national security.

We have heard time and again over the past months that the United States seems to be losing its competitive edge. Our space program is suffering from recent, very expensive failures. The U.S. share of the world high technology market is shrinking. Research and development spending by American industry has plummeted. Our country, once the bastion of high technology and international trade, now faces an annual trade deficit. Add to that the impending consolidation of the European Community, an ever

stronger Japan, and the potential economic powerhouse of a reunited Germany, and the competitive position of the United States appears to be in serious trouble.

While export control laws are not the only barrier to rejuvenation of our international trade, they are a serious stumbling block. Our exporters have been forced to submit to a complex and time-consuming licensing process which up until recent weeks placed tough restrictions on even the most mundane technology. If our exporters are not allowed to put their goods on the world market in a timely fashion, and on an equal footing with the other industrialized nations, we cannot expect them to be competitive.

Mr. President, S. 2927 addresses these inadequacies in our current export control regime. This truly comprehensive reform bill points to a fundamentally different vision of export administration focused on maintaining U.S. national security without sacrificing our competitive position in the world market. I will not take the time to outline all of the important provisions contained in the bill, but there are several sections which deserve special attention.

One vital part of effective export control policy is a continual update of controlled items. The Export Administration Act Amendments of 1990 remedies the lack of such a procedure with a periodic list review process which gives new weight to purely technological considerations. The bill provides for ongoing, regular updates which will coincide with the actions of Cocom, the multilateral group with which the United States cooperates to control exports.

More importantly, the bill includes, as part of this review process, a newly strengthened indexing provision which will ensure constant reevaluation of the minimum levels of technology to be controlled. This indexing analysis puts technological advance on an equal level with the political and bureaucratic concerns which currently pervade the export control regime. Our Nation's cutting edge technology will be more carefully considered for decontrol on a timely basis, allowing for a renewed competitive position in the American manufacturing sector. I have worked over the past weeks to make sure that a strong indexing provision was included in this bill. I believe that this is exactly the kind of fundamental reform needed to help U.S. high-technology industries regain their lead in offering state-of-the-art civilian technology around the world.

A second major concern is the United States' competitive position among our friends in the West, particularly among the member nations of Cocom. In an increasingly competitive global environment, it is important that our businesses not be stifled by excessive unilateral controls. As the countries of the European Community eliminate all internal barriers, we must realize that such controls could effectively isolate the United States from that very important market. The Banking Committee bill deals with this issue by providing for license-free trade to all the members of Cocom and other nations who cooperate with Cocom to control exports. This license-free zone is especially important for U.S. exporters, who point out that the lion's share of licensing requirements apply to their trade with our allies.

A third vital change, possibly the most important as we move toward the 21st century, is a fundamentally revised policy toward Eastern Europe and the Soviet Union. Mr. President, our export control regime has historically been based on the protection of U.S. national security, and should remain so. The truly revolutionary changes in the former Communist world, however, mandate an updated definition of national security. Gone are the days when security and world power are defined solely by a nation's nuclear arsenal or defense budget. In an increasingly global, interdependent society, the best way to ensure national security is to work for global stability.

Whether or not the cold war is in fact dead may still be debated, but it is certain that increased trade and investment throughout Eastern Europe will help nail the coffin shut on communism. By committing the recent Cocom agreements on east-west trade to statute, and by making sure that our export control regime will never again become overly prohibitive on trade with Eastern Europe, these amendments to the Export Administration Act give our businesses the chance to enhance both the economic power and the competitive position of the United States. Further, through this promotion of the economic stability and the feelings of trust in Eastern Europe, American business can play an active role in the quest for world peace and the United States' national security.

In closing, let me extend congratulations and thanks to the distinguished Senator from Maryland [Mr. SARBANES], the chairman of the Subcommittee on International Finance and Monetary Policy. He and his excellent staff have worked diligently to ensure that this major overhaul of the export control system would be completed in a timely manner. Senator SARBANES has invested a great deal of time and effort in crafting legislation which has thus far been widely accepted by Members on both sides of the aisle and by the administration; for this he deserves our deepest gratitude. I would also like to thank Senator RIEGLE for his help in moving this important legislation forward once work in the subcommittee had been completed.

Mr. President, I urge all of my colleagues to support this very important overhaul of the Export Administration Act. In the interests of continued U.S. international strength and security, the need for an effective and efficient export control structure cannot be ignored.

Thank you, Mr. President.

Mr. BINGAMAN. Mr. President, I commend the Banking Committee for their work on the Export Administration Act reauthorization now pending. Under the leadership of Senators RIEGLE, GARN, SARBANES, and HEINZ the committee has produced a bill that strikes the right balance between national security concerns and the need of our high technology industries to compete in world markets.

As chairman of the Armed Services Committee's Defense Industry and Technology Subcommittee, I have taken a particular interest in the proliferation of missile technology in the Third World. During debate on the fiscal year 1991 Defense Authorization Act on August 3, the Senate adopted an amendment I offered with Senators GORE, MCCAIN, PELL, and HELMS to set a tough U.S. policy on missile technology proliferation.

At that time we only amended the Arms Export Control Act, but I announced that agreement had been reached with the Banking Committee to make conforming changes in the Export Administration Act as well.

As agreed that evening, the managers have offered those changes in the package of managers' amendments to the bill. I should note that the Banking Committee itself had included strong provisions with regard to missile technology proliferation in the bill as reported. The Armed Services, Foreign Relations, and Banking Committees are all in agreement on the fundamental importance of stemming missile technology proliferation and tightening our controls in this area, even as relaxation of controls in other areas becomes possible in light of the changes in East-West relations.

The President in his address to the joint session of Congress on Tuesday reiterated his interest in curbing the proliferation of chemical, biological, ballistic missile and nuclear technologies. The provisions in the Defense Authorization Act and the Export Administration Act are an attempt to express congressional support for the missile nonproliferation goal and to give the President and the Congress the tools we need to accomplish the job.

As the threat from the Warsaw Pact recedes, proliferation of these key technologies and key capabilities increasingly will be the central national security problem not only for this

Nation, but for the world as a whole. The experience of the last month in Saudi Arabia, where one of the key concerns we and our partners have faced is the threat of Iraqi missiles armed with chemicals, is ample testimony to this.

We have a long way to go to get our own house in order to stem missile proliferation. Today's Post carries an article on the interagency battle which was fought over the export of titanium furnaces to Iraq. Last Friday's New York Times broke a story about the export of hardened rocket casings to Brazil, many of whose nationals materials have participated in the Iraqi missile program, where a similar interagency battle is apparently being waged. Over the past few years these cases have come up all too regularly and they demonstrate that our export licensing processes, under both the Arms Export Control Act and the Export Administration Act, still do not give sufficient weight to blocking missile proliferation. We need a tighter process, not only here, but in all other nations with advanced missile technology. We must show leadership now or potentially pay a very large penalty 10 and 20 years from now.

Mr. President, let me conclude by again commending the Banking Committee for their work on missile nonproliferation and thanking Senators SARBANES and HEINZ for including in the bill the amendment needed to bring this bill and the Defense authorization bill into conformity. I look forward to working with the Banking Committee in the parallel conferences on these two bills which will soon be underway.

I yield the floor.

Mr. SARBANES. Mr. President, I repeat what I said earlier. We are now at the point of being prepared to act finally on this legislation. Unless there is some other Member who has an amendment to offer——

The PRESIDING OFFICER. Are there further amendments?

Mr. SARBANES. I understand there is a Member on his way. In view of that, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. HELMS. Mr. President, I have a total of three amendments which I imagine the managers of the bill will be willing to accept. I do not know that for a fact. But we shall see.

I do make a parliamentary inquiry. The bill is now open for amendment. Is that correct?

The PRESIDING OFFICER. That is correct.

AMENDMENT NO. 2661

(Purpose: To provide for the imposition of sanctions on countries which use chemical or biological weapons and on corporations which assist Iraq, Iran, Syria, Libya or certain other countries to obtain, develop or stockpile chemical, biological or nuclear weapons, and for other purposes)

Mr. HELMS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Carolina [Mr. HELMS] proposes an amendment numbered 2661.

Mr. HELMS. 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 the bill, add the following new title:

"TITLE —CHEMICAL WEAPONS

SECTION 1. SHORT TITLE.

This Act may be cited as the "Chemical and Biological Weapons Control Act of 1990".

SEC. 2. FINDINGS.

The Congress finds that—

(1) chemical weapons were employed in the recent Iran-Iraq war and by Iraq in attacks against its Kurdish minority;

(2) the use of chemical and biological weapons in violation of international law is abhorrent and requires immediate and effective sanctions;

(3) United Nation's Security Council Resolution 620, adopted on August 28, 1988, states that intention of the Security Council to consider immediately "appropriate and effective" sanctions against any country using chemical or biological weapons in violation of international law;

(4) the Declaration of the Paris Conference on the Prohibition of Chemical Weapons demonstrates the resolve of most countries to reaffirm support for the 1925 protocol banning the use of chemical and bacteriological weapons and to press for attainment of a ban on the production and possession of chemical weapons;

(5) as many as 20 countries, including Iran, Iraq, Syria, and Libya have or are seeking the capability to produce chemical weapons;

(6) as many as 10 countries are working to produce biological weapons;

(7) by the year 2000, at least 15 developing countries will have the ability to produce ballistic missiles capable of carrying chemical or biological warheads;

(8) the further spread of chemical or biological weapons capabilities would pose a threat of incalculable proportions to friends and allies of the United States and undermine the national security of the United States;

(9) the United Nations should create an effective means of monitoring and reporting regularly on commerce in equipment, materials, and technology applicable to the attainment of a chemical or biological weapons capability; and

(10) every effort should be made to conclude an early agreement banning the production and stockpiling of chemical or biological weapons.

SEC. 3. PURPOSE.

It is the purpose of this Act—

(1) to mandate United States sanctions and to encourage international sanctions against countries that use chemical or biological weapons in violation of international law or use lethal chemical or biological weapons against their own nationals;

(2) to require presidential reports on efforts that threaten United States interests or regional stability by Iran, Iraq, Syria, Libya, and others to acquire the materials and technology to develop, produce, stockpile, and deliver chemical and biological weapons;

(3) to urge cooperation with other supplier nations to devise effective controls on the transfer of materials, equipment, and technology applicable to chemical or biological weapons production;

(4) to promote agreements banning the transfer of missiles suitable for armament with chemical or biological warheads;

(5) to encourage an early agreement banning the development, production, and stockpiling of chemical weapons; and

(6) to seek effective international means of monitoring and reporting regularly on commerce in equipment, materials, and technology applicable to the attainment of a chemical or biological weapons capability.

TITLE I—SANCTIONS AGAINST THE USE OF CHEMICAL AND BIOLOGICAL WEAPONS

SEC. 101. SANCTIONS FOR THE USE OF CHEMICAL WEAPONS.

(a) DETERMINATION BY THE PRESIDENT.—(1) Whenever information becomes available to the United States Government indicating the substantial possibility that, on or after the date of enactment of this Act, a foreign country has used chemical or biological weapons, the President shall, within 60 days of the receipt of such information by the United States Government, make a determination as to whether that foreign country, on or after such date, has used chemical or biological weapons in violation of international law or has used lethal chemical or biological weapons against its own nationals.

(2) Not later than 60 days after the chairman of the Committee on Foreign Relations of the Senate, upon consultation with the ranking minority member of such Committee, or the chairman of the Committee on Foreign Affairs of the House of Representatives, upon consultation with the ranking minority member of such Committee, requests the President to make a determination as to whether or not a foreign country, on or after the date of enactment of this Act, has used chemical or biological weapons in violation of international law or has used lethal chemical or biological weapons against its own nationals, the President shall make such determination and so report in writing to the chairmen of such Committees.

(3) In making the determination under paragraph (1) or (2), the President shall consider the following:

(A) All physical and circumstantial evidence available bearing on the possible use of such weapons.

(B) All information provided by alleged victims, witnesses, and independent observers.

(C) The extent of the availability of the weapons in question to the purported user.

(D) All official and unofficial statements bearing on the possible use of such weapons.

(E) Whether, and to what extent, the country in question is willing to honor a request from the Secretary General of the United Nations to grant timely access to a United Nations fact-finding team to investigate the possibility of chemical or biological weapons use or to grant such access to other legitimate outside parties.

(b) SANCTIONS.—In the event of a Presidential determination under subsection (a) that, on or after the date of enactment of this Act, a foreign country has used chemical or biological weapons in violation of international law or has used lethal chemical or biological weapons against its own nationals, then the President shall—

(1) terminate assistance to that country under the Foreign Assistance Act of 1961, except for urgent humanitarian assistance, or for the purpose of purchasing food or other agricultural products;

(2) terminate all foreign military sales financing under the Arms Export Control Act with respect to that country;

(3) terminate United States Government sales to that country of any defense articles or defense services;

(4) prohibit the issuance of any licenses for the export to that country of any item on the United States Munitions List;

(5) prohibit, under the authorities of section 6 of the Export Administration Act of 1979, the export to that country of any goods or technology except food or other agricultural products;

(6) oppose, in accordance with section 701 of the International Financial Institutions Act, the extension of any loan or financial or technical assistance to that country by international financial institutions;

(7) deny that country any credit or credit guarantees through the Export-Import Bank of the United States;

(8) prohibit any United States bank from making any loan or providing any credit to that country, except for loans or credits for the purpose of purchasing food or other agricultural products; and

(9) terminate, consistent with international law, the landing rights in the United States of any airline owned by the government of that country at the earliest practicable date

SEC. 102. WAIVER.

The President may waive the applicability of some or all of the sanctions listed in section 101 with respect to a specific country for a period of not to exceed twelve months beginning on the date of the determination by the President of use by that country of chemical or biological weapons in violation of international law, or the use of lethal chemical or biological weapons against its own nationals, if he determines that such waiver is in the national interest of the United States and so certifies to the Speaker of the House of Representatives and the President of the Senate. Together with such certification, the President shall submit in writing a statement containing a detailed explanation of the national interest requiring a waiver, which may include a classified addendum if necessary.

SEC. 103. NOTIFICATION.

Not later than five days after he imposes any sanction described in section 101 against a country or waives under section 102 the applicability of any such sanction, the President shall so notify in writing the Speaker of the House of Representatives and the President of the Senate.

SEC. 104. CONTRACT SANCTITY.

(a) SANCTIONS NOT APPLIED TO EXISTING CONTRACTS.—No sanction described in paragraphs (6) through (10) of section 101(b) shall apply to any activity pursuant to any contract or international agreement entered into before the date of the appropriate presidential determination under section 101(a) unless the President determines, on a case-by-case basis, that to so apply such sanction would prevent the performance of a contract or agreement that would have the effect of assisting a country in using chemical or biological weapons in violation of international law or in using lethal chemical or biological weapons against its own nationals.

(2)(A) The same restrictions of section 6(m) of the Export Administration Act of 1979 which are applicable to exports prohibited under section 6 of that section shall apply to exports prohibited under section 101(b)(5).

(B) For purposes of subparagraph (A) of this paragraph, any contract or agreement the performance of which (as determined by the President) would have the effect of assisting a country in using chemical or biological weapons in violation of international law or in using lethal chemical or biological weapons against its own nationals shall be treated as constituting a breach of the peace that poses a serious and direct threat to the strategic interest of the United States, within the meaning of subparagraph (A) of section 6(m) of that Act.

(b) SANCTIONS APPLIED TO EXISTING CONTRACTS.—The sanctions described in paragraphs (1), (2), (3), and (4) of section 101 shall apply to contracts and agreements, without regard to the date such contracts or agreements were entered into, except that such sanctions shall not apply to any contract or agreement entered into before the date of the appropriate presidential determination under section 101(a) if the President determines that the application of such sanction would be detrimental to the national security interests of the United States.

SEC. 105. REMOVAL OF SANCTIONS.

The President may remove the sanctions imposed pursuant to section 101 of this Act if the President determines and so certifies to the Speaker of the House of Representatives and the President of the Senate that the country under sanction—

(1) has renounced any use of chemical or biological weapons in violation of international law, or any use of lethal chemical or biological weapons against its own nationals, and has provided reliable assurances to that effect; and

(2) has made satisfactory restitution to those affected in its earlier use of chemical or biological weapons in violation of international law or in its earlier use of lethal chemical or biological weapons against its own nationals.

SEC. 106. PRESIDENTIAL REPORTS.

Not later than 90 days after the date of enactment of this Act, and every 12 months thereafter, the President shall submit to the Speaker of the House of Representatives and the President of the Senate, a report—

(1) detailing efforts by countries or subnational groups that threaten United States security interests or regional stability (including efforts by Iran, Iraq, Libya, and Syria and other developing countries or subnational groups) to acquire the materials and technology to develop, produce, stockpile, and deliver chemical, biological or nuclear weapons, together with an assessment of the present and future capabilities of such countries or subnational groups to develop, produce, stockpile, and deliver chemical, biological or nuclear weapons;

(2) describing the degree to which any country or foreign person has aided or abetted the government of any country or a subnational group to engage in any activity in connection with the acquisition of any such chemical, biological or nuclear weapon; and

(3) listing all United States persons against whom administrative, civil, or criminal penalties have been applied for shipment of goods and technology controlled for chemical, biological and nuclear weapons proliferation purposes pursuant to the Export Administration Act of 1979 or the Arms Export Control Act.

To the extent practicable, reports submitted pursuant to this section should be based on unclassified information. Portions of each such report may be classified.

SEC. 107. MULTILATERAL EFFORTS.

The President is urged—

(1) to continue close cooperation with others in the Australia Group in support of its current efforts and in devising additional means to monitor and control the supply of chemicals applicable to weapons production to Iraq, Iran, Syria, and Libya—countries that currently support or have recently supported acts of international terrorism;

(2) to work closely with other countries also capable of supplying equipment, materials, and technology with particular applicability to chemical or biological weapons production to devise the most effective controls possible on the transfer of such materials, equipment, and technology;

(3) to seek agreements with countries that produce ballistic missiles suitable for carrying chemical or biological warheads that would prevent the transfer of such missiles; and

(4) to take the initiative in pressing for early conclusion of an international agreement banning the development, production, and stockpiling of chemical weapons.

SEC. 108. UNITED NATIONS INVOLVEMENT.

The President is urged to give full support to—

(1) the United Nations Security Council, in furtherance of Security Council Resolution 620, adopted August 26, 1988, in developing sanctions comparable to those enumerated in section 101 of this Act, to be imposed in the event that any country uses chemical or biological weapons in violation of international law; and

(2) the creation of an effective multilateral means of monitoring and reporting regularly on commerce in chemical equipment, materials, and technology applicable to the attainment of a chemical or biological weapons capability.

TITLE II—MEASURES TO PREVENT THE PROLIFERATION OF CHEMICAL AND BIOLOGICAL WEAPONS

SEC. 201. MULTILATERAL EFFORTS.

It is the policy of the United States to seek mulilaterally coordinated efforts with other countries to control the proliferation of chemical and biological weapons.

It is also the policy of the United States to strengthen efforts to control chemical agents, precursors, and equipment by taking all appropriate multilateral diplomatic measures—

(1) to continue to seek a verifiable global ban on chemical weapons at the 40 nation Conference on Disarmament in Geneva;

(2) to undertake a diplomatic initiative to strengthen the Australia Group's objectives to support the norms and restraints against the spread and the use of chemical warfare, advance the negotiation of a comprehensive ban on chemical warfare by taking appropriate measures, and to protect the Group's domestic industries against inadvertent association with supply of feedstock chemical equipment that could be misused to produce chemical weapons;

(3) to implement paragraph (2) by introducing steps complementary to, and not mutually exclusive of, existing multilateral efforts seeking a verifiable ban on chemical weapons, such as the establishment of—

(A) a permanent secretariat,

(B) a harmonized list of export control rules and regulations to prevent relative commercial advantage and disadvantages accruing to Australia Group members.

(C) liaison officers to the secretariat from within the diplomatic missions.

(D) a close working relationship between the Group and industry.

(E) A public unclassified warning list of controlled chemical agents, precursors, and equipment.

(F) information-exchange channels of suspected proliferants.

(G) a "denial" list of firms and individuals who violate the Group's export control provisions, and

(H) broader cooperation between the Australia Group and other countries whose political commitment to stem the proliferation of chemical weapons is similar to that of the Group; and

(4) to adopt the imposition of stricter controls on the export of chemical agents, precursors, and equipment and to adopt tougher multilateral sanctions against firms and individuals who violate these controls or against countries that use chemical weapons.

SEC. 202. PRINCIPLES GUIDING THE ADOPTION OF A MULTILATERAL EXPORT CONTROL SYSTEM.

(a) IN GENERAL.—The United States Government should propose to the Australia Group that its objectives should be guided by taking all appropriate measures—

(1) to ensure that the measures are effective in impeding the production of chemical weapons,

(2) to ensure that the measures are easy and economical to implement, and that they are practical; and

(3) to ensure that the measures do not impede the normal trade of chemicals and equipment used for legitimate purposes.

(b) DEFINITIONS.—For the purpose of section 201 and this section, the term "Australia Group" means the group of nineteen OECS nations dedicated to the control of the export of certain chemicals, including Australia, New Zealand, Austria, Belgium, Denmark, Canada, Japan, Norway, United States, United Kingdom, Federal Republic of Germany, France, Greece, Ireland, Italy, Netherlands, Portugal, Spain, Luxembourg, and Switzerland.

SEC. 202. EXPORT CONTROLS.

(a) IN GENERAL.—The President shall—

(1) use the authorities of the Arms Export Control Act to control the export of those defense articles and defense services, and

(2) use the authorities of the Export Administration Act of 1979 to control the export of those goods and technologies.

that the President determines who would assist a country in acquiring the capability to develop, produce, stockpile, deliver, or use chemical or biological weapons.

(b) EXPORT ADMINISTRATION ACT.—Section 6 of the Export Administration Act of 1979 (50 U.S.C. App. 2405) is amended by adding at the end thereof the following new subsection:

"(q) CHEMICAL AND BIOLOGICAL WEAPONS.—The Secretary, in consultation with the Secretary of State and the Secretary of Defense shall establish and maintain a list of goods and technology that would directly and substantially assist a country or group in acquiring the capability to develop, produce, stockpile, or deliver chemical or biological weapons, the licensing of which would be effective in barring acquisition or enhancement of such capability;

"(2) The Secretary shall require a validated license for any export of goods or technology listed under paragraph (1) to any country except those with whose governments the United States has entered into bilateral or multilateral arrangements for the control of such goods or technology and such other countries as the President shall designate consistent with the purposes of this Act.

"(3) Notwithstanding any other provision of this Act, a determination of the Secretary to approve or deny an export license for the export of goods or technology under this subsection may be made only after consultation with the Secretary of State. If the Secretary disagrees with the Secretary of State regarding any determination under paragraph (1) or (2), the matter shall be referred to the President for resolution.".

(c) IMPROVED VERIFICATION OF EXPORT CONTROLS.—The Secretary of Commerce should, in order to supplement existing means of verification of export controls relating to chemical and biological weapons, take measures to encourage voluntary utilization of appropriate independent inspection companies to inspect and certify shipments and end-users of chemicals that could be used in the development of chemicals and biological weapons."

SEC. 204. SANCTIONS AGAINST CERTAIN FOREIGN PERSONS.

The Arms Export Control Act is amended by inserting after section 38 the following new section:

"SEC. 38A. SANCTIONS AGAINST CERTAIN FOREIGN PERSONS.

"(a) DETERMINATION BY THE PRESIDENT.—

"(1) IMPOSITION OF SANCTIONS.—The President subject to subsection (d), shall impose on a foreign person the sanctions under subsection (b) if the President determines that the foreign person, on or after the date of the enactment of this section, has knowingly and materially contributed through shipment of goods or technologies that would be, if they were United States goods or technologies, subject to the jurisdiction of the United States, or through any transaction, other than of goods and technology, not subject to sanctions pursuant to the Export Administration Act, to the efforts to use, develop, produce, stockpile, or otherwise acquire chemical or biological weapons by any country that the President has determined has at any time after January 1, 1980—

"(A) use chemicals or biological weapons in violation of international law;

"(B) use lethal chemical or biological weapons against its own nationals;

"(C) made substantial preparations to do the activities described in clause (A) or (B); or

"(D) been designated pursuant to section 6(j) of the Export Administration Act of 1979 as a country which supports international terrorism.

"(2) CONSULTATIONS WITH THE ACTIONS BY GOVERNMENT OF JURISDICTION.—The President may delay imposition of sanctions against a foreign person for a period of up to 90 days in order to pursue consultations with the government with primary jurisdiction over that foreign person involved in the activities cited in paragraph (1). Following these consultations, the President shall impose sanctions against the foreign person unless he has determined and certified to the Congress that such government has taken specific and effective actions, including appropriate penalties, to terminate the involvement of the foreign person in such activities.

"(3) REPORT TO CONGRESS.—The President shall report to the Congress, not later than 30 days after making a determination under paragraph (1), on the status of consultations with the appropriate government under paragraph (2), and the basis for any determination under paragraph (2) that such government has taken specific corrective actions.

"(b) SANCTIONS.—The sanctions referred to in subsection (a) shall apply to the foreign person committing the violation, as well as any parent, affiliate, subsidiary, and successor entity of the foreign person, are as follows:

"(1) PROCUREMENT SANCTION.—The United States Government shall not procure, or of, any goods or services from the foreign person.

"(c) TERMINATION OF SANCTION.—A sanction imposed on a foreign person under this section shall apply for a period of at least 24 months and in no case shall cease to apply to that foreign person until the expiration of the 12-month period beginning on the date the President determines and certifies to the Congress that—

"(1) reliable intelligence information indicates that the foreign person has ceased to aid or abet any foreign country in its efforts to acquire chemical or biological weapons capability as described in subsection (a)(1) of this section; and

"(2) in the President's judgment, it would be in the national interest of the United States to procure or contract for the procurement of goods or services from such foreign person, or to import goods or services from such foreign person.

(d) EXCEPTIONS.—The President shall not be required under this section to apply sanctions—

"(1) in the case of procurement of defense articles or defense services—

"(A) under existing contracts or subcontracts, including the exercise of options for production quantities to satisfy United States operational military requirements;

"(B) if the President determines that the person or other entity to which the sanctions would otherwise be applied is a sole source supplier of the defense articles or services, that the defense articles or services are essential, and that alternative sources are not readily or reasonably available; or

"(C) if the President determines that such articles or services are essential to the national security under defense coproduction agreement;

"(2) to products or services provided under contracts entered into before the data on which the President publishes his intention to impose sanctions;

"(3) to—

"(A) spare parts,

"(B) component parts, but not finished products, essential to United States products or produciton, or

"(C) routine servicing and mainteance of products, to the extent that alternative sources are not readily or reasonably available:

"(4) to information and technology not directly useful for the development, production, or stockpiling of chemical or biological weapons; or

"(5) to medical or other humanitarian items.

"(e) DEFINITION.—For the purposes of this section, the term 'foreign person' means—

"(A) an individual who is not a citizen of the United States or an alien admitted for permanent residence to the United States; or

"(B) a corporation, partnership, or other entity, including any parent or subsidiary entity thereof, which is created or organized under the laws of a foreign country or which has its principal place of business outside the United States.".

SEC. 205. SANCTIONS AGAINST CERTAIN FOREIGN PERSONS.

The Export Administration Act of 1979 (50 U.S.C. App. 2410) is amended by inserting after section 11A the following new section:

"CHEMICAL AND BIOLOGICAL WEAPONS PROLIFERATION

"SEC. 11B. (a) DETERMINATION BY THE PRESIDENT.—

"(1) IMPOSITION OF SANCTIONS.—The President, subject to subsection (D), shall impose on a foreign person the sanctions under * * * the foreign person, on or after the date of the enactment of this section, has knowingly and materially contributed through shipment of goods or technologies that would be, if they were United States goods or technologies, subject to the jurisdiction of the United States pursuant to this Act; to the efforts to use, develop, produce, stockpile, or otherwise acquire chemical or biological weapons by any country that the President has determined has at any time after January 1, 1980—

"(A) used chemical or biological weapons in violation of international law;

"(B) use lethal chemical or biological weapons against its own nationals;

"(C) made substantial preparations to do the activities described in clause (A) or (B); or

"(D) been designated pursuant to section 6(j) of this Act as a country which supports international terrorism.

"(2) CONSULTATIONS WITH AND ACTIONS BY GOVERNMENT OF JURISDICTION.—The President may delay imposition of sanctions against a foreign person for a period of up to 90 days in order to pursue consultations with the government with primary jurisdiction over that foreign person involved in the activities cited in paragraph (1). Following these consultations, the President shall impose sanctions against the foreign person unless he has determined and certified to the Congress that such government has taken specific and effecitve actions, including appropriate penalties, to terminate the involvement of the foreign person in such activities.

"(3) REPORT TO CONGRESS.—The President shall report to the Congress, not later than 30 days after making a determination under paragraph (1), on the status of consultations with the appropriate government under paragraph (2), and the basis for any determination under paragraph (2) that such government has taken specific corrective actions.

"(b) SANCTIONS.—The sanctions referred to in subsection (a) shall apply to the foreign person committing the violation, as well as to any parent, affiliate, subsidiary, and successor entity of the foreign person, and are as follows:

"(1) PROCUREMENT SANCTION.—The United States Government shall not procure, or enter into any contract for the procurement of, any goods or services from that foreign person.

"(c) TERMINATION OF SANCTIONS.—A sanction imposed on a foreign person under this section shall apply for a period of at least 24 months and in no case shall cease to apply to that foreign person until the expiration of the 12-month period beginning on the date the President determines and certifies to the Congress that—

"(1) reliable intelligence information indicates that the foreign person has ceased to aid or abet any foreign country in its efforts to acquire chemical or biological weapons capability as described in subsection (a)(1) of this section; and

"(2) in the President's judgment, it would be in the national interest of the United States to procure or contract for the procurement of goods or services from such foreign person or to import goods or services from such foreign person.

(d) EXCEPTIONS.—The President shall not be required under this section to apply sanctions—

"(1) in the case of procurement of defense articles or defense services—

"(A) under existing contracts or subcontracts, including the exercise of options for production quantities to satisfy United States operational military requirements;

"(B) if the President determines that the person or other entity to which the sanctions would otherwise be applied is a sole source supplier of the defense articles or services, that the defense articles or services are essential, and that alternative sources are not readily or reasonably available; or

"(C) if the President determines that such articles or services are essential to the national security under defense coproduction agreements;

"(2) to products or services provided under contracts entered into before the date on which the President publishes his intention to impose sanctions;

"(3) to—

"(A) spare parts,

"(B) component parts, but not finished products, essential to United States products or production, or

"(C) routine servicing and maintenance of products, to the extent that alternative sources are not readily or reasonably available;

"(4) to information and technology not directly useful for the development, production, or stockpiling of chemical or biological weapons; or

"(5) to medical or other humanitarian items.

"(e) DEFINITION.—For the purposes of this section, the term 'foreign person' means—

"(1) the term 'foreign person' means—

"(A) an individual who is not a citizen of the United States or an alien admitted for permanent residence to the United States; or

"(B) a corporation, partnership, or other entity, including any parent or subsidiary entity thereof, which is created or organized under the laws of a foreign country or which has its principal place of business outside the United States; and

"(2) the terms 'defense article' and 'defense service' have the same meanings as are given to such terms by paragraphs (3) and (4), respectively, of section 47 of the Arms Export Control Act.".

SEC. 206. DEFINITIONS.

For the purposes of this Act—

(1) the term "foreign person" means—

(A) an individual who is not a citizen of the United States or an alien admitted for permanent residence to the United States; or

(B) a corporation, partnership, or other entity, including any parent or subsidiary entity thereof, which is created or organized under the laws of a foreign country or which has its principal place of business outside the United States; and

(2) the terms "defense article" and "defense service" have the same meanings as are given to such terms by paragraphs (3) and (4), respectively, of section 47 of the Arms Export Control Act.

TITLE III—ADDITIONAL RESTRICTIONS ON TRADE WITH CUBA

SEC. 301. PROHIBITION ON CERTAIN TRANSACTIONS BETWEEN CERTAIN UNITED STATES FIRMS AND CUBA.

Notwithstanding any other provision of law, no license may be issued for any transaction described in section 515.559 of title 31, Code of Federal Regulations, as in effect on July 1, 1989.

SEC. 302. MILITARY AID TO CUBA.

(a)(1) Since totalitarian rule is giving way to democratic rule around the world;

(2) Since the people of Eastern Europe have led the way, embracing Mikhail Gorbachev's policies of Glasnost and Perestroika and replacing totalitarian regimes with elected governments that respect human rights;

(3) Since Fidel Castro's totalitarian rule stands in stark contrast to the democracy sweeping through Eastern Europe, Latin America, and other parts of the world:

(4) Since after thirty years of rule Castro still stubbornly clings to power, publicly attacking the new policies and governments of Eastern Europe, and openly criticizing the policies of Mikhail Gorbachev;

(5) Since despite these attacks the Soviet Union continued to prop up the Castro government, subsidizing the Cuban economy at an annual rate of at least $5.5 billion, $1.5 billion of it in military assistance;

(6) Since Soviet Deputy Prime Minister Leonid Abalkin has publicly stated that commercial ties between the two countries might be expanded and perhaps even substantially increased;

(7) Since the Soviet Union continues to modernize the Cuban armed forces, delivering six new advanced MIG-29 fighters earlier this year;

(8) Since this business as usual support continues at a time when Castro has launched a new wave of repression, arresting human rights activists, underground political leaders, dissidents, university students, and religious leaders;

(9) Since Castro has executed, arrested, and dismissed key members of his military high command, state security ministry, personal body guard, Cuban Communist Party Central Committee, and diplomatic corps during the past year, in an ongoing purge to consolidate control and discourage reform;

(10) Since Castro has arrested and deported international journalists for reporting the growing human rights and pro-democracy movement in Cuba; and

(11) Since Castro has gone so far as to deport Eastern bloc reporters who "compare Cuba to Romania—the calm before the storm," take Soviet publications such as

Moscow News out of circulation, and ban Perestroika by Mikhail Gorbachev,

(b) It is the sense of the Congress that—

(1) continuing Soviet support of Cuba remains a serious problem in United States-Soviet relations;

(2) the Soviet Union, in reexamining its relationship with Cuba, should cease military aid to the Castro regime and take all other possible steps to further the policies of Glasnost and Perestroika by adopting policies supporting the political, economic rights, and human rights of the Cuban people.

TITLE IV—GENERAL PROVISIONS

SEC. 401. INCURSIONS INTO ISRAEL.

(a) During the next round of talks with the PLO, should such talks occur after the date of enactment of this Act, the representatives of the United States should obtain from the Representatives of the PLO a full accounting of the following attempted incursions into Israel which occurred after Yasser Arafat's statement of December 1, 1988:

(1) On August 7, 1989, a rocket attack on the settlement of Maoz Haim by members of the PLO-affiliated Popular Front for the Liberation of Palestine.

(2) On February 4, 1990, an unprovoked ambush by the Popular Front for the Liberation of Palestine-General Command on an Israeli tour bus in Egypt that killed 9 and wounded 15 Israelis.

(3) On September 6, 1989, a rocket attack by the PLO-affiliated Popular Front for the Liberation of Palestine aimed at Kibbutz Tel-Katzir that fell on Kibbutz Sha'ar Hagolan.

(4) On January 26, 1990, an attack on an Israeli Army patrol by at least three terrorists of the PLO-affiliated Democratic Front for the Liberation of Palestine headed for Kibbutz Misaay-Am.

(5) On May 28, 1989, an attack by the Popular Front for the Liberation of Palestine and the Palestine Liberation Front, both PLO-affiliated organizations, in which a one-year old Israeli was injured by a Katyush rocket.

(6) On October 7, 1989, an attempted raid on Kibbutz Misgav-Am by a squad of terrorists armed with machine guns and anti-tank missiles from the PLO-aligned Palestine Liberation Front.

(7) On April 13, 1990, an attempted infiltration into northern Israel by boat by four terrorists of Yasser Arafat's Al-Fatah, equipped with machine guns and grenades.

(b) In the event that talks are held with the PLO after the date of enactment of this Act, the Secretary of State shall include in the next report provided to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate under section 804 of the Foreign Relations Authorization Act for Fiscal Years 1990 and 1991 any accounting provided by subsection (a) and the relationship between those groups responsible for these attacks and the PLO: *Provided*, That such report shall also include a list of all individuals participating in discussions held between representatives of the United States and of the Palestine Liberation Organization since January 1, 1989; and, that such report should also include any additional affiliations of such representatives of the PLO.

(c) No later than 60 days after enactment, the Commissioner of the Customs Service shall provide the President of the Senate and Speaker of the House of Representatives with a report outlining illegal activities being undertaken in the United States by the Palestine Liberation Organization or on behalf of the Palestine Liberation Organization; including such activities as illegal drug trafficking, money laundering, weapons purchases and arms shipments; estimating the amount of funds associated with such activities; and describing the extent to which members of the PLO Executive Committee, and the PLO Central Council and the Palestine National Council are aware of, or are involved in such illegal activities".

Mr. HELMS. Mr. President, this amendment would impose sanctions on countries using chemical weapons and on companies which assist Iraq, Iran, Syria, Libya, and certain other countries to develop chemical, biological, or nuclear weapons. This amendment is identical to S. 195, which passed this Senate by a vote of 92 to 0 on May 17 of this year.

As we speak, and as every Senator knows, there are hundreds of thousands of American men and women in the Persian Gulf facing the threat of Iraqi chemical weapons, but despite this fact, the House of Representatives still refuses to appoint conferees to consider S. 195, the chemical weapons control bill. The House has refused to budge since May, so I feel obliged to offer this same legislation to a bill which I know the House will go to conference with.

Just over a week ago, I was one of a number of Senators who went on a highly instructive trip to the Middle East. I was honored that I was asked by the folks on Pennsylvania Avenue to make this trip. We learned a lot, and I will be frank to say that what impressed me the most was the commitment of the remarkable young American men and women who are serving this Nation with dignity and courage. I can get almost emotional about it. But I came home with a renewed sense of pride that I am an American citizen and that I was blessed by having been born in this county.

These young men and women whom we have sent to the Persian Gulf are top-class military personnel, enduring very difficult conditions without complaint. The conditions are beyond belief to anybody who has not experienced them. On the day we were in Saudi Arabia, out on that desert, for example, there were temperatures of 126 to 128 degrees. I do not understand how these young people are able to endure such temperatures.

What is even more difficult for this Senator to understand is how our troops can survive in those plastic suits they have been issued to protect themselves form chemical weapons attack. I spoke to one young man—and I am sure Senator SARBANES did likewise—about how hot it must get inside of one of those suits on a day when the temperature reaches 128 degrees. But do you know something? He did not complain. He would not complain. He said, "Senator, it is my duty." But he made it clear that he would have greatly preferred not to face the threat of chemical weapons. That is very much on their minds, and it is understandable that it is.

At that point, I could not help thinking how much Congress has let this young man down. We let all our troops in the Persian Gulf region down, because every Member of Congress knew in 1988 that Iraq had chemical weaponry. Every Member of Congress knew that Iraq was actively expanding its chemical weapons production facility. In the final run, Congress did nothing in response.

We in the Senate tried on three occasions. The Senate passed legislation offered by Senator PELL and me to impose sanctions on Iraq for its use of chemical weapons. All three proposals passed the Senate, with the encouragement of the State Department. However, these proposals were killed by the House of Representatives.

Mr. President, I ask unanimous consent that an account of the Pell-Helms proposals which were passed in 1988 be printed in the RECORD at this point.

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

1. September 9, 1988, the Senate passed S. 2763, Pell-Helms legislation to impose sanctions on Iraq because of its use of chemical weapons. Specifically, the bill would terminate all U.S. taxpayer assistance to Iraq, require that the U.S. oppose all loans made to Iraq by the World Bank and other multilateral banks, prohibit the sale of defense items and technology to Iraq, and embargo Iraqi oil sales. The bill was killed by the House of Representatives.

2. September 30, 1988, the Senate approved amendment No. 3338, Helms-Pell amendment to H.R. 4637, the Foreign Operations appropriations bill for fiscal year 1989. The amendment would impose sanctions similar to those provided for in S. 2763. The amendment was rejected by the House of Representatives.

3. October 11, 1988, the Senate passed amendment No. 3645, Pell-Helms amendment to S. 2238, the Tax Technical Corrections Act. The amendment would impose sanctions similar to those provided for in S. 2763. The amendment was rejected by the House of Representatives.

Mr. HELMS. Mr. President, the point is that nothing was done by our Government to make Iraq pay a price for its use of chemical weapons. I think it was 5,000 men, women, and children in Iraq who died as a result of Saddam Hussein's cruelty, his barbarism. Nothing was done to make the companies which knowingly assisted Iraq in developing chemical weapons pay a price. So the signal, obviously, was sent to Iraq and its corporate suppliers that the development of chemical weapons obviously is OK. But it is not OK. And if ever Congress failed in its duty, it was on this issue.

In order to change this and let any country that would entertain using

chemicals weapons, and corporations which assist these countries, know there will be a steep price to be paid, it is imperative that we do this.

Senator PELL and I, therefore, produced the amendment now before the Senate. The amendment provides for S. 195 as introduced by Senator PELL and others, and for S. 238, introduced by myself and other Senators. The Foreign Relations Committee spent a lot of time melding together these two bills; 9 months of hearings and staff discussions to be exact. The resulting product, which I have already mentioned, the bill passed by the Senate on May 17 of this year, represents compromises made by all sides on our committee. It includes two complementary and integral approaches to stem the proliferation of chemical weapons. Sections 101 through 108 provide for sanctions against countries which use chemical weapons. Sections 201 through 206 provide for sanctions against companies which assist such countries.

In addition, the amendment includes two other proposals added by the Senate to S. 195 during the floor consideration: sections 301 and 302, offered by Senator MACK, to impose additional restrictions on trade against Cuba; and section 401, offered by this Senator from North Carolina, to provide for a report on continuing terrorist acts undertaken by the Palestine Liberation Organization.

Mr. President, it is difficult to believe that the House of Representatives still refuses to go to conference on legislation which will prevent companies from assisting Iraq's chemical weapons program and will impose sanctions on Iraq or any other country which uses chemical weapons, even though hundreds of thousands of American troops face a chemical weapons threat from Iraq as I speak on this Senate floor at this time, 11 minutes before 1 o'clock in the afternoon.

The bottom line, Mr. President, is that with American troops on the line, we must take every opportunity to enact this important legislation, and I hope all Senators will support it, as was the case on May 17 when it passed unanimously on a rollcall vote in the Senate of the United States.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, may I inquire, is Senator PELL a cosponsor of this amendment? If he is not, I ask unanimous consent that he be made a cosponsor.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. SARBANES. Mr. President, the amendment that the Senator from North Carolina has offered, as I understand it, is identical in every respect with the legislation passed by the Senate without dissent by an overwhelming vote with respect to chemical and biological weapons. It is going to complicate the conference, I assume, but we are prepared to take the amendment and see what can be worked out as we proceed on down the line. It is the bill passed by the Senate without any change whatsoever, as I understand it from the Senator from North Carolina.

Mr. HELMS. That is correct.

Mr. SARBANES. So we are prepared to accept the amendment.

Mr. HEINZ. Mr. President, as the Senator from Maryland has stated, this is exactly what the Senate has passed on a previous occasion and the substance of it is perfectly acceptable to this Senator. Indeed, the Senator from Maryland and I and the Senator from North Carolina did a lot of work together to make sure that this legislation came out well, and it did come out well.

Regarding the point the Senator from Maryland raises about conference, it is my understanding that, to limit the complications of conference, if this amendment is accepted, it will not entitle members of the Foreign Relations Committee to be conferees on the rest of the bill that does not deal with subjects in the jurisdiction of the Foreign Relations Committee. However, since this legislation was in part, a Foreign Relations Committee initiative, they would, along with the Banking Committee, be conferees on this amendment, which is the previously passed Senate version.

Mr. HELMS. Mr. President, I will only repeat what I said earlier. I think I made it perfectly clear what my point is. The language of this amendment was passed unanimously on a rollcall vote 92 to 0 on May 17. Since that time, the House of Representatives has not budged, not one inch. They have still refused to appoint conferees to consider S. 195, which was the bill we are talking about, and which is reconstituted in the amendment now pending.

So I feel obliged to do everything I can to encourage the House of Representatives to act on a matter which is of vital importance, a life or death matter, perhaps, to our men and women who are serving in the Persian Gulf. I appreciate so much the managers of the bill accepting the amendment.

Mr. HEINZ. Mr. President, I think we are in a position to have the Chair put the question.

The PRESIDING OFFICER (Mr. ROBB). Is there further debate on the Helms amendment? If not, the question is on agreeing to the amendment.

The amendment (No. 2661) was agreed to.

Mr. HEINZ. I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

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

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

AMENDMENT NO. 2662

(Purpose: To prevent the shipment to Iraq, Iran, Syria, or Libya of materials or technology which would assist the ability of such countries to develop, produce, or stockpile, chemical, biological or nuclear weapons or ballistic missiles)

Mr. HELMS. Mr. President, I am going to sent to the desk in just a moment an amendment with the understanding that we are working on a modification which I think will be an improvement and strengthen it. We do not have the language yet but let me at least offer the amendment and leave it pending, recognizing that a Senator has a right to modify his own amendment.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from North Carolina [Mr. HELMS] proposes an amendment numbered 2662.

Mr. HELMS. 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 the bill, add the following new section:

"SEC. . Section 5(b)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2404(b)(1) is amended by adding after "Foreign Assistance Act of 1961" the following: "and Iraq, Iran, Syria, and Libya, and those countries determined by the President to be transferring United States chemical, biological, nuclear or missile technology to such countries, unless the President determines that such countries are not producing, developing or stockpiling chemical, biological or nuclear weapons or ballistic missiles,".

Mr. HELMS. Mr. President, Senators may recall that shortly before the Iraqi invasion of Kuwait, President

Bush wisely intervened to halt the sale of a state-of-the-art titanium processing furnace to Iraq. But the President's last minute intervention was required simply because the bureaucratic procedures for reviewing such sales had failed. This pending amendment is intended to correct those procedures to ensure that this sort of thing will not happen again, to ensure that the export control process adequately protects our national security interests.

Mr. President, under the Export Administration Act, there are two major categories of controls that can be placed on exports to foreign countries. The first category as specified under section 5 of the act, covers "national security controls." In other words, controls that the President can place on certain exports for "national security" reasons. And I take care to put in the quote, unquote because this is language in the bill.

The other major category covers "foreign policy controls," and that is in quotes because of the same reasons. But in recent years, because of the way the law is written, the Commerce Department has maintained broad authority—to the exclusion of the Department of Defense—to determine whether or not the export of a specific item jeopardizes U.S. national security.

Now we ought not to have such a situation prevailing.

The Export Administration Act clearly defines a role for the Department of Defense in reviewing export licenses. Under this act, the Department of Defense is authorized to review export licenses to countries that are listed in section 620(f) of the Foreign Assistance Act.

This is the list of the Soviet bloc countries that, if the Department of Commerce approves an export to a country on that list and the Department of Defense disapproves for national security reasons, then the two Departments must come together and bring their case before the President of the United States for adjudication. That makes sense.

In other words, under the act the Defense Department can take its case to the highest level of the U.S. Government in cases involving exports to the Soviet bloc.

But, Mr. President, that procedure, unfortunately, applies only in the case of exports to Soviet bloc countries or, to put it another way, those countries listed in section 620(f) of the Foreign Assistance Act. That means countries such as Iraq and Libya and Syria and Iran are not on the list and a different set of guidelines, known as foreign policy controls, govern the procedures.

This does not make a whole lot of sense, particularly in light of the apprehensions about what Saddam Hussein may or may not do in his maddening view of what he has a right to do. But that is neither here nor there for the moment.

The role of the Department of Defense in such cases is reduced significantly, and that should not be the case. Although the law specifies that the Commerce Department on the one hand may consult the Department of Defense, they generally consult only in cases where the Department of Commerce itself has determined that an export could benefit missile technology, for example, or chemical, biological, or nuclear weapons development, for another. But it is up to the Commerce Department, and that Department does not have the expertise of the Department of Defense to make such an awesome determination. And that is what this amendment is all about.

In such cases, even if the Department of Defense advises against an export, they can be overruled by the Commerce Department.

No later than this morning's news, we see an article on this very subject. I worked on this amendment long before this morning's paper was published, and I think probably sometime today I will put that news story in the RECORD so it will be a part of the permanent RECORD. But we have this situation where the Defense Department had to fight the Commerce Department to prevent the export of equipment Saddam Hussein could have used in his nonconventional weapons program. This has occurred over and over again in the case of Iraq alone.

Between 1985 and 1989, the Department of Commerce reversed at least 14—count them—14 Department of Defense recommendations of denial. The Department of Defense had recommended the denials because the Defense Department believed that the times would be exported to what they call end users known to be involved with missile development and nuclear and chemical weaponry development.

Now to this amendemnt. It is quite simple. It simply provides that Iraq, Libya, Syria, and Iran be added to the list of countries controlled under the national security guidelines of the Export Administration Act. This will ensure that the department of our Government that has the expertise and the primary responsibility for protecting U.S. national security—that is to say the Department of Defense—is given a full voice in reviewing licenses for the export of items that can jeopardize the national security of this country. This amendment alone will not prohibit any exports. It will merely tighten the review process to ensure that so-called foreign policy considerations do not override U.S. national security concerns.

Today's Washington Post contains a chilling front-page article entitled "Commerce Department Urged Sale to Iraq." The article explictly details the problem with the existing procedure. Because the Commerce Department determined early on in the process that the furnaces would be used for civilian purposes, they never sought a determination from the Department of Defense. Once the Department of Defense was tipped off, they conducted an investigation and determined that the furnaces were destined to help Iraq develop a nuclear capacity. Finally, on July 12, 1990, I joined with Senators PELL, MACK, and BINGAMAN, in a letter to the President asking that he halt the furnace export. Once the facts were brought to the President's attention, he acted to halt the export, as we knew he would.

The Washington Post article by Mr. Smith and Mr. Weiser is a story of heroes. The first is President Bush. It was his courageous decision to override foreign policy and commercial concerns to block the shipment of the equipment to Iraq.

Supporting the President were a number of Federal officials, past and present, of the Defense Department and the U.S. Customs Service. the orignial tipoff came from former DOD official Dr. Stephen Bryen, now a private citizen. Under Secretary of Defense Paul Wolfowitz and his team including William Rudman and Michael Maloof sounded the alarm. Customs officials John Kelly and Andrew McCrossan were instrumental in holding up the shipment so that it could be evaluated for national security concerns. Finally, National Security Council official Richard Hass chaired an extraordinary conference call that culminated in President Bush's decision.

Undoubtedly there were others whose contributions are known only to their agencies but none the less appreciated. Everyone of them deserves the gratitude of the American people for a job well-done.

Mr. President, I ask unanimous consent that both the Washington Post article and the letter to the President be printed in the Record at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. HELMS. Mr. President, if we have learned one lesson from the current Persian Gulf crisis, it is that we must never again permit our foreign policy wishes to get out ahead of our national security interests. Today's Washington Post contains another chilling story on Iraq. Apparently, the Iraqis have released the transcript of a meeting between Saddam Hussein and the United States Ambassador to Iraq just days before the invasion. In that meeting, the U.S. Ambassador allegedly informed Saddam the administration had "no opinion on the Arab-Arab conflicts. Like your border disagree-

ments with Kuwait." Clearly the tone of the conversation indicates a willingness by some at the State Department to close their eyes to Saddam's true ambitions.

Mr. President, this amendment is long overdue. It merely enhances the ability of the executive branch to protect our national security interests.

Mr, President, I think I will pause and determine whether the managers of the bill are willing to accept the amendment.

U.S. SENATE,
Washington, DC, July 12, 1990.

The PRESIDENT,
The White House,
Washington.

DEAR MR. PRESIDENT: We write to bring to your attention a concern that is easily remedied but must be addressed expeditiously. As reported in the Philadelphia Inquirer on June 28, a number of large, state-of-the-art titanium processing furnaces have been approved by the U.S. government for export to Iraq, and will be shipped unless you take action before July 17th.

We are deeply concerned because the furnaces in question clearly have significant applications in the military arena. These furnaces are designed to process high purity metal and alloys which are likely to be used by Iraq in the making of:

Elements and parts of missiles and aerospace equipment;

Gas turbines, including fighter aircraft turbines;

Nuclear reactor facilities and nuclear weapons components;

These furnaces could form the core of an indigenous titanium processing complex that would allow Iraq to increase the range of its missiles by lowering the weight of the missile nose cones.

The U.S. manufacturer of these furnaces has been granted a U.S. export license. Fortunately, U.S. Customs has detained the shipment until July 17 in order to give the government a chance to reconsider the matter.

Unless you act on your authority under section 6 of the Export Administration Act, the furnaces will be shipped to Iraq next Tuesday. We hope you will move quickly to block this particular sale, and to ensure that similar technology is not permitted to be exported to Iraq in the future.

Sincerely,

Connie Mack, Jesse Helms, Jeff Bingaman, Claiborne Pell, Rudy Boschwitz, Joseph Lieberman, Daniel Inouye, Albert Gore, Jr.

[From the Washington Post, Sept. 13, 1990]

COMMERCE DEPARTMENT URGED SALE TO IRAQ

(By R. Jeffrey Smith and Benjamin Weiser)

President Bush boasted two weeks ago to a group of congressmen that even before the Iraqi invasion of Kuwait, his aides had blocked the export to Iraq of U.S.-built, high-temperature furnaces that could be used in making a nuclear weapon.

But left unstated were the extraordinary circumstances surrounding the last-minute interception of the three furnaces. For 18 months, U.S. Commerce Department officials had promoted the proposed $10 million sale, approving it in June 1989 even though the manufacturer had warned them that the equipment could be used to make nuclear weapon components.

The administration decided to stop the shipment only after the Pentagon received a tip from outside the government and launched an investigation in June, a year after Commerce's original approval of the export. While a huge furnace sat temporarily on a dock in Philadelphia during the administration's late-hour deliberations, Commerce officials continued to argue that the sale should proceed, saying they had no persuasive evidence of potential Iraqi misuse and lacked authority to stop the deal.

Eventually, a National Security Council official intervened, and in a highly unusual closed-circuit television conference involving four federal agencies on July 19, the proposed sale was permanently halted, according to informed sources and internal government documents.

Several participants said the episode illustrates the divisions between the Defense Department, which is concerned with national security issues, and the Commerce Department, which both promotes exports and grants licenses for strategically sensitive equipment and technology.

A former undersecretary of defense for trade security, Stephen Bryen, who helped tip off the Defense Department, said, "The bottom line is that clearly the [furnace] company had given at least enough information to the Commerce Department to send up all kinds of flags, and no flags went up."

The Commerce Department has defended its role in the furnace sale, stating in a detailed press release this week that it could have blocked the sale only if either the manufacturer or the government knew the equipment would be used in sensitive nuclear activities, a possibility it learned of at the last minute.

U.S. officials say the government's involvement began in early 1989, when the furnace manufacturer, the Consarc Corp., of Rancocas, N.J., told Commerce of the proposed sale of three furnaces and sought advice on its legality.

Consarc President Raymond J. Roberts first raised the possibility of nuclear applications for the furnaces in a conversation last year with Commerce Department engineer Jeff Tripp, based in Washington, according to internal Consarc documents.

"I told him . . . there is nothing to stop them from melting zirconium, the main use of which is a cladding material for nuclear fuel rods," Roberts wrote in a memo dated Feb. 15, 1989.

One week later, at Consarc headquarters, Roberts reminded another Commerce representative, Alan C. Stoddart, that the furnaces can be used "without modification" for nuclear applications, company documents state. Roberts noted that the company had no evidence Iraq intended that use.

On Mar. 6, Consarc obtained from the Iraqi Ministry of Industry and Minerals a formal letter of intent to purchase the furnaces. Ten days later, Consarc sought an advisory opinion on the deal from Commerce, saying "we will not proceed with the project until we have received approval to export . . .," documents state.

Consarc also cabled Russell Smith, Commerce's embassy representative in Baghdad, telling him of the prospective sale. "Hooray for you," Smith cabled back on April 5. "Look forward to your coming. Please do not hesitate to ask us for any service."

The Commerce Department approved the sale after inspecting Consarc technical documents and receiving from Consarc a copy of a written pledge from an Iraqi agency that the furnaces would be used for scientific research and to make prostheses for handicapped war veterans, according to agency officials.

Consarc president Roberts said in an interview this week that "we were being encouraged by the Commerce Department in Washington and by the U.S. Embassy in Baghdad to go get this order. The feeling we got from our government is that this is business we should be going after."

The Pentagon's involvement began in June, when Bryen's tip helped lead to an investigation by F. Michael Maloof, the Pentagon's director of technology security operations. Bryen had learned about the case from a Philadelphia Inquirer reporter, and the newspaper's source later provided information to the Defense Department.

The Pentagon discovered that in all, five Consarc furnaces—including two scheduled to be shipped separately from a Consarc subsidiary in Scotland—were to be installed by an Iraqi firm previously associated with weapon-related work at a complex south of Baghdad, far from any medical facilities.

The investigators were told by Western prosthesis makers that the capacity and complexity of the furnaces were "absolute overkill" for medical purposes, one official said.

William N. Rudman, deputy under-secretary of defense for trade security policy, whose office coordinated the investigation, questioned whether Iraqi President Saddam Hussein "is so caring of his own people that they're all going to be walking around with hi-tech wooden legs."

"I don't believe in the excuse Iraq gave," Rudman said in an interview. "In the end, the U.S. government had ample evidence to believe that the end-use was nuclear. The Iraqis were lying."

In early June, Maloof called the Customs Service, which agreed to detain a furnace already at a dock in Philadelphia—a decision that provoked angry protests by Michael Manning, a trade specialist with the Trenton, N.J., office of Commerce's International Trade Administration. Manning had advised Consarc closely on the furnace exports and complained to Customs on June 22 that its actions were jeopardizing his reputation with the company, according to a July 13 memorandum of the call written for Customs Service Strategic Investigations director John C. Kelly.

Maloof was criticized by Manning in separate calls as someone who "creates issues which cause problems for everyone but never result in any significant findings," according to the memo, which was obtained by The Washington Post from a source outside the Bush administration and authenticated by Customs Service spokesman David Hoover. "Manning further stated that Consarc is a major employer in the South Jersey region," the memo said.

On July 11, Manning telephoned a Customs official from Consarc's headquarters to argue that neither Commerce nor the State Department would support the detention. He said the Defense Department was "running around . . . stirring things up, when there really is no issue," the Customs memo states.

In another phone call from Manning, Customs Service special agent Andrew McCrossan said he and other Customs officials "were disturbed" by some of Manning's comments in the presence of officials of the manufacturer, which McCrossan said might jeopardize the government's legal position in blocking the deal, the Customs memo states.

A Commerce Department spokesman, asked what role trade specialists such as Manning should play in licensing and export matters, said, "None, besides advising them to be in touch with [the agency's] Bureau of Export Administration."

But Elizabeth Dugan of Commerce's International Trade Administration defended Manning's role in the furnace case, saying he "was never in a position to influence the outcome of the licensing decision . . . [and] was not interfering in the substance of the process."

A Philadelphia Inquirer report about Customs' detention of the shipment led to a July 12 letter of complaint to Bush from Sens. Jesse Helms (R-N.C.), Connie Mack (R-Fla.), Jeff Bingaman (D-N.M.) and five other senators, supporting the contention of Undersecretary of Defense Paul Wolfowitz that the immense, state-of-the-art furnaces could process and purify metals for nuclear arms, missiles and jet engines.

Wolfowitz's claim was based in part on information supplied by the Defense Intelligence Agency and the Central Intelligence Agency about the furnace's probable use in nuclear weapons applications.

The senators' letter got the attention of senior White House officials, who asked the intelligence community to provide more information on Iraq's intentions.

One day before Customs' temporary detention of the shipment was to expire, National Security Council aide Richard Haass chaired the late-afternoon conference call that culminated in the decision to halt the export. After this decision, Consarc voluntarily held back the two furnaces due to be shipped from Scotland.

"We carefully followed Bush administration policy at that time and we acted within the confines of the law and the policy guidance," said Wayne Berman, counselor to Commerce Secretary Robert A. Mosbacher. He said Commerce had worked closely with State Department lawyers to find a "creative way within the law" to revoke approval for the shipment. He also said there had been conflicts with some Defense Department officials and criticized Defense official Maloof as a "low-level clerk" who was part of a group of "ankle-biters."

Mr. HELMS. While I check on the status of the managers regarding their opinions, 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. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

AMENDMENT NO. 2662, AS MODIFIED

Mr. HELMS. Mr. President, at the outset, I said we were working on a modification. It is an excellent modification. I compliment Senators and their staffs, including my own, who have worked on it. I send the modification to the desk and ask the amendment be so modified.

The PRESIDING OFFICER. The Senator has a right to modify his amendment. The amendment is so modified.

The amendment, as modified, is as follows:

At the end of the bill, add the following new section:

"SEC. . Section 5(b)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2404(b)(1) is amended by adding after "Foreign Assistance Act of 1961" the following: "and Iraq, Iran, Syria, and Libya, and those countries determined by the President to be transferring United States chemical, biological, nuclear or missile technology to such countries, unless the President determines that such countries are not producing, developing or stockpiling chemical, biological or nuclear weapons or ballistic missiles. Nothing in this section shall preclude the imposition of controls on the transfer of United States chemical, biological, nuclear, or missile technology under section 6 of this Act."

The PRESIDING OFFICER. Is there further debate on Amendment No. 2662, as modified? If not, the question is on agreeing to the amendment, as modified.

The amendment (No. 2662), as modified, was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment, as modified, was agreed to.

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

The motion to lay on the table was agreed to.

Mr. HELMS. If the managers will forbear 1 minute while I get my next amendment, I will suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. HELMS. Mr. President, since I know the managers of the bill wish to proceed to final passage, and I have some questions about one aspect of the third amendment that I had considered offering, I want to think about it a little bit more. I can offer it to another piece of legislation. So I have concluded with the two amendments that I have adopted.

I thank the Senator from Maryland and I thank the Senator from Pennsylvania for their cooperation and courtesy. I have no further amendment.

The PRESIDING OFFICER. Are there further amendments?

Mr. SARBANES. We are ready to go to final passage, Mr. President.

The PRESIDING OFFICER. If there are no further amendments——

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

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. SARBANES. Mr. President, we are prepared to go to third reading.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. SARBANES. Mr. President, I ask unanimous consent that the Banking Committee be discharged from further consideration of H.R. 4653, the House companion bill, and that the Senate proceed to its immediate consideration; that all after the enacting clause be stricken; that the text of S. 2927, as amended, be inserted in lieu thereof; and that the bill be read a third time.

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

Mr. ADAMS. Mr. President, I support this bill, however, I do wish to raise one concern about section 117 and the meaning of the term "exceptional circumstances" under which the President may transfer jurisdiction over a commodity from the Commerce Department's commodity control list to the State Department's munitions list.

The committee report explains that the committee intends this authority to be used only in a very limited number of cases where munitions licensing restrictions are clearly justified. The committee report further notes that this may be the case with respect to certain items that employ cryptography to ensure the confidentiality of data.

I certainly agree with the committee that encryption can raise national security concerns. At the same time, I believe that such concerns are not present in the case of mass market computer software products which are readily available and contain encryption features which are non-standard and incidental to the main purpose of the program. Indeed, I would point out that in the last year the State Department has agreed, on several occasions, that such programs are properly governed by the Export Administration Act and regulated by the Department of Commerce. The State Department did so after a full consultation with the appropriate security agencies of the Defense Department who were satisfied that with respect to such programs, there were no national security objections to export.

In drafting the language of this bill, it was my understanding that what the committee had in mind when it noted its concern are such things as items that employ strategic encryption algorithms, and whose primary func-

tion is the encryption of data. Certainly, I believe that mass market software incorporating encryption functions do not present such security concerns, would not constitute exceptional circumstances, and should be on the commodity control list and regulated by the Department of Commerce. I look forward to working with the managers in conference as necessary to further clarify this issue.

Thank you, Mr. President.

EXPORT CONTROL

Mr. WALLOP. Mr. President, I rise today to speak on yet another export fiasco—another example of U.S. security concerns being ignored. It follows closely on the heels of several other cases of major security importance for which the Commerce Department decided that no export licenses were necessary. More notable were the cases of the Agie machine tools and the wholesale decontrol of powerful personal computers to the Soviet Union.

I think an important aspect of the export process can be summarized as follows. The Commerce Department is charged with assessing whether the export of particular technologies are of a security concern to the United States. Yet, Commerce does not have the technical expertise to judge whether certain items, like powerful personal computers, which can help design real-time simulations for missile tracking, or sensitive instruments which can be used in missile testing and development, could be used in a manner with harmful security implications for the United States. However, none of these types of computers would be caught under national security controls to proliferating countries like Iraq. But this same problem developed in the recent near-export of large furnaces, which could be used in making Iraqi nuclear weapons. While the furnace company, CONSARC of New Jersey, had given enough warning of this potential nuclear use to the Commerce Department, Commerce did not heed this red flag, and made no attempt to stop the export. As today's Washington Post reports: "For 18 months, U.S. Commerce Department officials had promoted the proposed $10 million sale, approving it in June 1989, even though the manufacturer had warned them that the equipment could be used to make nuclear weapon components. The administration decided to stop the shipment only after the Pentagon received a tip from outside the Government and launched an investigation in June, a year after Commerce's original approval of the export."

The Commerce Department "has defended its role in the furnace sale, stating in a detailed press release this week that it could have blocked the sale only if either the manufacturer or the Government knew the equipment would be used in sensitive nuclear activities. A possibility it learned of at the last minute." Mr. President, this illustrates the very point I am trying to make. Commerce does not seem to have the defense-related expertise to realize when certain pieces of technology could be part of a greater, dangerous system—a system which could be used in all aspects of missile technology, whether it be nuclear, chemical, or biological.

And while some may allege that the Defense Department signed off on this export, their arguments obscure several important points. The CONSARC export license provided to the Defense Department was limited only to a review of a computer system intended to be provided by CONSARC with the furnace export. The computer was of such a low level that DOD did not have a problem with its export. DOD had sought to review the furnace export, but the Department of Commerce denied that request because it was not one of the categories authorized under a 1985 presidential directive between DOD and Commerce.

This example drives the point home that the Defense Department must be brought back into the loop, must be given authority beyond an advisory role to check the Commerce Department when national security concerns are at stake.

Mr. President, it is my intention to offer an amendment on an upcoming piece of legislation which would enable the Department of Defense to do just that. It would bring balance, in this new world order, to our concerns for commercial competitiveness and national security.

Mr. ROTH. Mr. President, I rise in support of S. 2927, the Export Administration Act Amendments Act of 1990. In reauthorizing the Export Administration Act, this important piece of legislation makes major revisions to our Nation's export control regime for dual-use products. These changes are, above all, a recognition of the new post-cold war era in which a dramatically improved East-West relationship is the prevailing theme.

This legislation is a balanced approach toward streamlining our export control regime and policymaking process. In large part, it codifies the multilateral changes the United States agreed to earlier this year at the high-level Cocom meeting. At this meeting, the United States took the lead in gaining agreement to overhaul our multilateral list of controls on industrial, dual-use items in response to the historic changes in our strategic environment. It has resulted in eliminating unnecessary export controls, with a greater enforcement focus on those high technology items which remain strategically critical.

The liberalizing changes contained in S. 2927 are vitally important to the revolutionary changes occurring in Eastern Europe. Without Western investment and access to computers, telecommunications, and other high-tech products, chances for a successful free market economic transformation among East European countries are diminished greatly.

Just as importantly, a modernized export control regime is absolutely critical to U.S. competitiveness. For too long, our exporters have been disadvantaged as a result of the way in which our export control policy has been administered. I believe the provisions of S. 2927 will help reverse this trend by, among other things, improving the commodity jurisdiction process and by creating a license-free zone within Cocom by September 30, 1991. The fact that in 1989, only 10 of 27,500 export licenses for Cocom countries were denied, highlights the need for a license-free zone with Cocom. Moreover, achieving a license-free Cocom zone is especially important to ensure that U.S. exporters are ready to take advantage of a borderless single market among the 12 members of the European Community in 1992.

In some respects, this legislation could have gone further to address the new post-cold war era. For example, bolder steps could have been taken to address industry's real concerns about the frequent use of unilateral export controls on products that are freely available from our trading partners. I believe the emphasis must be on multilateral, not unilateral, controls. On the one hand, when the U.S. unilaterally controls products that are produced by other countries, all this does is hurth our competitiveness by leading to lost U.S. sales. On the other hand, there may be ligitimate reasons for preventing certain products from reaching certain countries—Iraq obviously stands out in this regard. The solution is not, however, broadly and unilaterally imposing U.S. export controls in every instance. Rather, it is working with our allies to bring about constructive and multilateral solutions to specific problems. Cocom could perhaps play an important role in such an endeavor.

In sum, I fully support the provisions contained in S. 2927 as a significant step toward the establishment of an effective U.S. export control regime, one which is responsive to the fundamental changes in East-West relations and to U.S. industry concerns. Although it is a significant step, I also see it as a first step in adapting to the dynamic changes around us. Revision of our export control policies should be an ongoing process which continues to evolve as East-West tensions ease further. Additionally, it is my hope that the United States and its Cocom allies will, when necessary, unite more actively in devising coordinated export control policies to confront strategic

threats such as the proliferation of chemical weapons, and that the United States will, in turn, circumscribe its use of unilateral controls. Such multilateral action would be much more effective than unilateral action and would, above all, not place any one country at a major competitive advantage.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 4653), as amended, was passed, as follows:

Resolved, That the bill from the House of Representatives (H.R. 4653) entitled "An Act to reauthorize the Export Administrative Act of 1979, and for other purposes," do pass with the following amendment: Strike out all after the enacting clause and insert:

TITLE I—EXPORT ADMINISTRATION ACT AMENDMENTS

SEC. 101. SHORT TITLE; REFERENCE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the "Export Administration Act Amendments of 1990".

(b) REFERENCE TO THE EXPORT ADMINISTRATION ACT OF 1979.—Except as otherwise specifically provided, whenever in this Act a section or other provision is amended or repealed, such amendment or repeal shall be considered to be made to that section or other provision of the Export Administration Act of 1979 (50 U.S.C. App. 2401 and following).

(c) TABLE OF CONTENTS.—

SEC. 102. EAST-WEST DECONTROL.

(a) POLICY STATEMENT.—Section 3(15) (50 U.S.C. App. 2402(15)) is amended to read as follows:

"(15) It is the policy of the United States, in light of the developments in the Soviet Union and especially in light of the developments in the emerging democracies of Eastern Europe, to relax East-West controls on exports multilaterally and to support the elimination of certain licensing requirements as agreed to at the Coordinating Committee High Level Meeting, 6-7 June 1990. Moreover, it is the policy of the United States to continue and further the relaxation of such multilateral controls by implementing a 'Core List', the special procedures for countries representing a lesser strategic threat, the national discretion and favorable consideration procedures, and the license-free zone among the members of the Coordinating Committee, including a common standard of enforcement, all as agreed to at the Coordinating Committee High Level Meeting, 6-7 June 1990.".

(b) IMPLEMENTATION OF DECONTROL AGREEMENTS.—Section 5(c)(5) (50 U.S.C. App. 2401(c)(5)) is amended—

(1) by striking "Not later than 6 months after the date of the enactment of this paragraph" and inserting "Not later than 6 months after the date of enactment of the Export Administration Act Amendments of 1990";

(2) in subparagraph (A)(i), by striking all after "technology" and inserting "the licensing of which under this section has been eliminated by regulations promulgated to implement agreements reached in the Coordinating Committee High Level Meeting, 6-7 June 1990."; and

(3) by striking subparagraph (B) and inserting the following:

"(B) Not later than April 1, 1991, the Secretary, in consultation with the Secretary of Defense and the Secretary of State, shall submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Foreign Affairs of the House describing the implementation of the decontrol agreements reached in the Coordinating Committee High Level Meeting, 6-7 June 1990. Not later than May 1, 1991, the Under Secretary of Commerce for Export Administration, the Under Secretary of State for International Security Affairs, and the Under Secretary of Defense for Policy shall appear before both Committees to present testimony on the report. Such report shall include descriptions of—

"(i) the status of implementing the 'Core List' provided for in the decontrol agreements and a description of the criteria used in developing the Core List,

"(ii) the status of implementing the special procedure for countries representing a lesser strategic threat provided for in the decontrol agreements,

"(iii) the status of implementing the national discretion and favorable consideration procedures contained in the decontrol agreements,

"(iv) the status of implementing a license-free zone among the members of the Coordinating Committee, including a common standard of enforcement, and

"(v) the strategic justification for and impact of the decontrol agreements as they relate to the military capabilities and technology acquisition efforts of controlled countries.

"(C) Goods and technology removed from the control list pursuant to subparagraph (A) may only be placed back on the list under this section if such control is agreed to by the participating governments of the Coordinating Committee.".

(c) LICENSING.—Section 5(e) (50 U.S.C. App. 2404(e)) is amended by adding at the end the following:

"(7) In implementing the national discretion and favorable consideration procedures contained in the agreement reached at the Coordinating Committee High Level Meeting, 6-7 June 1990 the Secretary shall consider the actions of other members of the Coordinating Committee in approving or denying export licenses that are subject to such procedures and shall seek to ensure that United States exports are not placed at a competitive disadvantage.".

SEC. 103. EXPORTS SUBJECT TO NATIONAL DISCRETION AND FAVORABLE CONSIDERATION.

(a) IN GENERAL.—Section 10 of the Export Administration Act of 1979 (50 U.S.C. App.

2409) is amended by inserting after subsection (o) the following:

"(p) EXPORTS SUBJECT TO NATIONAL DISCRETION.—In each case in which the Secretary receives a license application for the export of goods or technology subject to the national discretion procedures of the Coordinating Committee, the Secretary shall formally issue or deny a license within 15 days after a properly completed application has been submitted.

"(q) EXPORTS SUBJECT TO FAVORABLE CONSIDERATION.—In each case in which the Secretary receives a license application for the export of goods or technology subject to the favorable consideration procedures of the Coordinating Committee or subject to special national discretion procedures requiring 30 days advance notification to the Coordinating Committee, the Secretary shall formally deny the license or it shall be forwarded for review to the Coordinating Committee within 30 days after a properly completed application has been submitted unless the Secretary notifies the applicant in writing that additional time will be required, but in any case the Secretary shall act within 60 days.".

(b) CONFORMING AMENDMENT.—Section 10(e)(2)(A) (50 U.S.C. App. 2409(e)(2)(A)) is amended by striking "Except" and inserting the following: "For general exceptions cases controlled under section 5 of this Act and except".

SEC. 104. STATEMENT OF POLICY TOWARD COUNTRIES REPRESENTING A LESSER STRATEGIC THREAT.

Section 5(b)(2) of the Export Administration Act of 1979 (50 U.S.C. App. 2404(b)(2)) is amended to read as follows:

"(2)(A) It is the policy of the United States that licensing treatment of a country on the list of controlled countries maintained by the President pursuant to this section should be revised in any case in which that country—

"(i) represents a lesser strategic threat; and

"(ii) accomplishes the following:

"(I) implements an effective export control system including enactment of legislation controlling shipment of goods and technology subject to controls under agreement of the Coordinating Committee to controlled countries and imposing effective penalties to deter violation of its export controls;

"(II) adopts technology security arrangements including end-use assurances and on-site inspection and verification; and

"(III) terminates governmental policies and intelligence cooperation with other controlled countries relating to illegal acquisition and diversion of controlled technology.

"(B) The revision of controls necessary to implement the policy in subparagraph (A) shall include the following:

"(i) when the Secretary, in consultation with the Secretary of State and the Secretary of Defense, determines that necessary steps have been taken to implement the criteria in subparagraph (A), the Secretary of State should propose adoption by the Coordinating Committee of the special procedure for favorable consideration of exports to such countries adopted in the Coordinating Committee High Level Meeting, 6–7 June 1990, or other countries the Coordinating Committee may designate;

"(ii) the Secretary, in consultation with the Secretary of State and the Secretary of Defense, shall annually review the performance of such country and, to the extent of performance indicating appropriate use and protection from diversion of controlled technology, the Secretary of State should propose adoption by the Committee of more favorable licensing treatment or, if security concerns increase, propose tightening controls on technology exports to such country; and

"(iii) when, in addition to progress on the criteria in subparagraph (A), a country takes steps to reduce its offensive military capabilities and phase out its participation in the Warsaw Pact, including withdrawal of Soviet troops, the President should seek agreement in the Coordinating Committee to remove the country from the list of controlled countries and propose licensing treatment by the Committee as a free world or cooperating country destination.

"(C) The Secretary should provide the greatest possible technical assistance to countries undertaking the measures described in subparagraph (A).".

SEC. 105. REMOVAL OF SECTION 5(k) DESIGNATION.

Section 5(k) (50 U.S.C. App. 2404(k)) is amended by adding at the end the following: "If any country accorded the treatment authorized by the preceding sentence fails to maintain export restrictions comparable in practice to those maintained by the Coordinating Committee, as determined by the Secretary, in consultation with the Secretary of State and the Secretary of Defense, the Secretary shall restrict or terminate such treatment of that country.".

SEC. 106. POLICY TOWARD COUNTRIES RECEIVING LICENSING BENEFITS.

Section 11A (50 U.S.C. App. 2410a) is amended—

(1) in subsection (a)(1), by inserting after "Committee," the following: "pursuant to an agreement to restrict exports negotiated in accordance with section 5(k) of this Act, or pursuant to an export control system maintained by a controlled country that is receiving expanded licensing benefits from the Coordinating Committee because of its recognition as a lesser strategic threat as described in section 5(b)(2),";

(2) in subsection (b)—

(A) in paragraph (1), by striking the final "and";

(B) in paragraph (2), by striking the period and inserting ", and"; and

(C) by adding a new paragraph as follows:

"(3) the revocation by the Secretary of any validated export license previously issued for export by or to that foreign person, notwithstanding any other provision of law, and entry by the Secretary of a final order denying that foreign person all export privileges.

The Secretary shall publish any final order under paragraph (3) in the Federal Register."; and

(3) by striking subsection (l) and inserting after subsection (k) the following:

"(l) DEFINITION.—(1) For purposes of this section, the term 'foreign person' means any person other than a United States person.

"(2) This section shall apply to the German Democratic Republic until such time as a unitary German political state is a participating member of COCOM.".

SEC. 107. CONTROLS ON TELECOMMUNICATIONS.

Section 5(c) (50 U.S.C. App. 2404(c)) is amended by adding at the end the following:

"(8)(A) It is the policy of the United States to encourage and facilitate the most favorable treatment permissible for exports of telecommunications equipment for civil purposes pursuant to the Agreement reached at the Coordinating Committee High Level Meeting, 6–7 June 1990.

"(B) In the case of Czechoslovakia, Poland, and Hungary, when credible end-use assurances, on-site inspections, and verified access to all required information have been provided by a country, the Secretary shall immediately accord that country national discretion and favorable consideration treatment as permitted for exports of telecommunications equipment under the Agreement.

"(C) The Secretary shall consider exports of telecommunications equipment under the favorable consideration procedure, except as otherwise provided for in the Agreement, to countries which qualify as a lesser strategic threat under the Agreement.

"(D) As used in this paragraph, the term 'telecommunications equipment' means equipment or technology used in the transmission or receipt of information, either voice or data. Such term includes equipment and technology used in the transmission of analog or digital information.

"(E)(i) In the case of countries that qualify as a lesser strategic threat under the Agreement, the United States should propose to the Coordinating Committee that exports of computer network software and related equipment for civilian end use shall be accorded the same licensing treatment as that permitted for computer systems exported for interconnection to such networks and shall be in accordance with telecommunications controls established by the Coordinating Committee.

"(ii) For purposes of this paragraph, the term 'computer network software and related equipment' includes computer software that provides services and management for local area, intracity, intercity, and international data communications networks, and computer equipment specifically dedicated to the support of such networks.".

SEC. 108. EXPORTS TO COCOM.

Section 5(a)(4) (50 U.S.C. App. 2404(a)(4)) is amended by adding at the end the following:

"(C) Effective not later than December 31, 1991, no authority or permission may be required under this section for the export or re-export of goods or technology to or from a country which maintains export controls on such goods or technology cooperatively with the United States pursuant to the agreement with the group known as the Coordinating Committee or pursuant to an agreement described in subsection (k).

"(D)(i) Notwithstanding subparagraph (C), the Secretary, in consultation with the Secretary of Defense, the Secretary of State, and the Secretary of Energy, may require authority or permission to export or re-export goods or technology, which are otherwise eligible for export or re-export under subparagraph (C) in the case of—

"(I) exports to such unreliable end users as the Secretary may specify by regulation;

"(II) exports controlled as provided by special multilateral control arrangements; or

"(III) any re-export to a country other than a country described in subparagraph (A) of goods or technology identified under subparagraph (B).

"(ii) The provisions of subparagraph (C) shall not apply to a country that has not adopted measures necessary to achieve the common standard of enforcement agreed upon by the Coordinating Committee as determined by the Secretary, in consultation with the Secretary of State. These measures include:

"(I) national laws providing appropriate civil and criminal penalties and statutes of limitations sufficient to deter potential violations;

"(II) a program to evaluate export license applications that includes sufficient technical expertise to assess the licensing status of exports and ensure the reliability of end-users;

"(III) an enforcement mechanism that provides authority for trained enforcement officers to investigate and prevent illegal exports;

"(IV) a system of export control documentation to verify the movement of goods and technology; and

"(V) procedures for the coordination and exchange of information concerning violations of the agreement of the Coordinating Committee.

"(iii) The Secretary shall, during the period in which that determination is in effect, and to the extent determined by the Secretary, require authority or permission to export or re-export goods or technology to that country.

"(iv) The Secretary of State should notify the Coordinating Committee of a determination under clause (ii) and request the cooperation of the Coordinating Committee in imposing comparable controls. The Secretary, in consultation with the Secretary of State, shall review each determination made under clause (ii) at least annually for the purpose of determining whether the country has adopted measures necessary to achieve the common standard of enforcement agreed upon by the Coordinating Committee.".

SEC. 109. DISTRIBUTION LICENSES.

Section 4(a)(2) (50 U.S.C. App. 2403(a)(2)) is amended—

(1) in the first sentence of subparagraph (A), by striking all after "users of the goods" and inserting a period;

(2) in the second sentence of subparagraph (A), by striking "to controlled countries"; and

(3) in the first sentence of subparagraph (B), by striking all after "with the exporter" through the end of the sentence and inserting a period.

SEC. 110. TRADE SHOWS.

Section 5(e)(6) (50 U.S.C. App. 2404(e)) is amended to read as follows:

"(6) Consistent with multilateral control arrangements, an application for a license for the export to a controlled country of any good on which export controls are in effect under this section, without regard to the technical specifications of the good, for the purpose of demonstration or exhibition at a trade show, shall carry a presumption of approval if—

"(A) the United States exporter retains title to the good and complies with any safeguard requirement imposed by the Secretary during the entire period in which the good is in the controlled country; and

"(B) the exporter removes the good from the controlled country within a reasonable period of time after the conclusion of the trade show or demonstration, as defined in regulations issued by the Secretary.".

SEC. 111. TECHNICAL DATA.

(a) CONTROL LIST.—Section 4(b) (50 U.S.C. App. 2403(b)) is amended by adding at the end the following: "Technical data that is subject to licensing requirements must be included on the control list concurrent with implementation of the 'Core List', but not later than June 30, 1991.".

(b) EXPORTS OF RELATED TECHNICAL DATA.—Section 5(e) (50 U.S.C. App. 2404(e)), as amended by section 102, is amended by adding at the end the following new paragraph:

"(8) Any general or validated license authorizing the export of any goods or technology shall also authorize the export of operation technical data related to such goods or technology, whether or not such data is specifically referenced in the license or license application, if the technical level of the data does not exceed the minimum level necessary to install, repair, maintain, check, operate, or use the goods or technology.".

SEC. 112. STANDARD OF MEASUREMENT FOR COMPUTERS.

Section 5(a)(6) (50 U.S.C. App. 2404(a)(6)) is amended—

(1) by inserting "(A)" after "(6)", and

(2) by adding at the end the following:

"(B) In response to recommendations received from technical advisory committees established pursuant to subsection (h), the Secretary shall, after appropriate consultation with the Coordinating Committee, propose regulations which update and, where appropriate, revise or replace the measurement known as the 'Processing Data Rate', which is used in part to determine licensing requirements for computers other than supercomputers. Such regulations shall reflect the performance capabilities of computers and rely, to the maximum extent possible, upon measurements of those capabilities which are objective and commonly understood by the computer industry. In developing such measurements, the Secretary shall consider factors including, but not limited to, instruction rate, the input/output system, the memory system, vector processing, and parallel processing.".

SEC. 113. CONTROL LIST REVIEW.

Section 5 (50 U.S.C. App. 2404) is amended—

(1) in subsection (c)(1), by inserting before the final period the following: "and shall reflect multilateral control agreements reached by the group known as the Coordinating Committee"; and

(2) by striking subsection (c)(3) and inserting the following:

"(3) The Secretary shall review the control list in order to carry out the policy set forth in section 3(2)(A) of this Act and the provisions of this section. This review shall consider proposals for decontrol and other changes in policy arising from the indexing exercise described in subsection (g) and shall serve as the basis for United States proposals for revision of the International Industrial List maintained by the Coordinating Committee. To this end, the United States should seek to ensure that the Coordinating Committee reviews each item on its list at least once every 3 years and the Secretary shall conduct a periodic review of each item on the control list for national security reasons so as to achieve the same 3-year review cycle. In any case in which the Coordinating Committee has failed to review an entry on the International Industrial List within 3 years, the Secretary of State should, based upon United States review of its comparable entry, propose a review by the Coordinating Committee of that entry. Before beginning each periodic review, which should not exceed 180 days in length, the Secretary shall publish notice of that review in the Federal Register. The Secretary shall provide a 30-day period during each review for comment and the submission of data, with or without oral presentation, by interested Government agencies and other affected parties. The Secretary shall further assess, as part of each review, the availability from sources outside the United States, of goods and technology comparable to those subject to export controls imposed under this section. After consultation with appropriate Government agencies, the Secretary shall make a determination of any revisions in the list within 30 days after the end of the review period. The concurrence or approval of any other department or agency is not required before any such revision is made, except that in the case of national security controls implemented in cooperation with the Coordinating Committee, such revisions in the list shall be made consistent with the scope of controls agreed to in the Coordinating Committee and shall be made effective no later than the effective date agreed to by the Coordinating Committee.".

SEC. 114. INDEXING.

(a) ANNUAL INCREASES.—Section 5(g)(1) (50 U.S.C. App. 2404(g)(1)) is amended to read as follows:

"(g) INDEXING.—(1) In order to provide guidance to the list review process described in subsection (c)(3) regarding goods or technology that have become obsolete with respect to the national security of the United States, the Secretary shall, in response to recommendations of technical advisory committees established pursuant to subsection (h), incorporate into the list review process an indexing analysis that provides a technical justification for possible increases in the performance levels of goods or technology as described in paragraph (2). The indexing analysis shall set minimum levels of technology below which no authority or permission to export should be required. The analysis shall consider the specifications of the most technologically advanced version of the same or equivalent goods or technology which are commercially available. The results of the indexing analysis shall be incorporated into the United States proposals to the Coordinating Committee unless such proposals will adversely affect the United States national security. The Secretary shall report annually on the results of the indexing analysis, the extent to which the results were incorporated into United States proposals to the Coordinating Committee, and the justification for rejection of recommendations of the indexing analysis.".

(b) ANNUAL REVIEWS.—Section 5(g)(2)(A) (50 U.S.C. App. 2404(g)(2)(A)) is amended—

(1) in clause (ii), by striking "to the People's Republic of China";

(2) in clause (iii), by striking "subsection (b)(2) or (b)(3) of";

(3) by redesignating clauses (i), (ii), and (iii) as clauses (ii), (iv), and (v), respectively;

(4) by inserting before clause (ii), as redesignated, the following:

"(i) which are supercomputers subject to security safeguard procedures,"; and

(5) by inserting after clause (ii), as redesignated, the following:

"(iii) which are eligible for favorable consideration under the rules of the group known as the Coordinating Committee,".

(c) REPORT.—Section 14(a)(4) (50 U.S.C. App. 2413(a)(4)) is amended by inserting before the semicolon at the end the following: ", and including results of the indexing analysis under section 5(g) and providing a justification for rejection of such results that were not incorporated into United States proposals to the Coordinating Committee".

SEC. 115. COCOM REPRESENTATION.

Section 5(k) (50 U.S.C. App. 2404(k)) is amended—

(1) by inserting "(1)" after "(k)"; and

(2) by adding at the end the following:

"(2) The Secretary, or an officer or employee of the Department of Commerce designated by the Secretary, shall be a member of the permanent United States delegation to the Coordinating Committee.".

SEC. 116. REPORT ON IMPLEMENTATION OF SECTION 10(g).

Not later than January 15, 1991, the Secretary of Commerce and the Secretary of Defense shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Foreign Affairs of the House a report (which may be classified as necessary) on the implementation of the dispute resolution procedure, including the compliance of such cases with the time frame for dispute resolution provided under section 10(g)(2).

SEC. 117. RELATION TO MUNITIONS LIST.

Section 17(b) (50 U.S.C. App. 2416(b)) is amended—

(1) by inserting "(1)" after "CONTROLS.—"; and

(2) by adding at the end the following:

"(2)(A) Notwithstanding any other provision of law, no item may be included on both the control list and the United States Munitions List, as provided in this paragraph.

"(B)(i) Whenever the Secretary or the Secretary of State finds that an item is included on both lists, the Secretary making the finding shall notify the other Secretary. The two Secretaries shall have a period of 20 days following the notice to decide on which list the item should appear.

"(ii) If at the close of the period under clause (i) no resolution has been reached, the Secretaries shall provide the President with all relevant information in support of their respective positions. The President shall, within 20 days after receiving the transmittal under the preceding sentence, notify the 2 Secretaries of his determination with respect to the item involved.

"(C) Effective with the implementation of the 'Core List', but not later than March 31, 1991, for purposes of section 5, dual use items included on the Coordinating Committee's Industrial List shall be controlled under the control list. No item on the Coordinating Committee's Industrial List may be moved from the control list to any other United States control list unless the President determines that exceptional circumstances exist and reports such circumstances to the Congress within 10 working days of such determination.

"(D) Not later than March 31, 1991, the Secretary shall by regulation define the term 'dual use goods and technology'.".

"(E) No controls under section 5 eliminated after the Coordinating Committee High Level Meeting, June 6-7, 1990, shall be extended or reinstated using any authorities other than section 6 of this Act, unless the President determines that extraordinary circumstances directly affecting the national security of the United States exist and reports such circumstances to the Congress within 10 working days of such determination.".

SEC. 118. ENFORCEMENT AUTHORITY.

Section 12(a)(3) (50 U.S.C. App. 2411(a)(3)) is amended by adding at the end the following:

"(C) All goods or technology lawfully seized under this paragraph by authorized officers or employees of the Department of Commerce shall be forfeited to the United States. The provision of law relating to—

"(i) the seizure, summary and judicial forfeiture, and condemnation of property for violation of customs law,

"(ii) the disposition of such property or the proceeds from the sale thereof,

"(iii) the remission or mitigation of such forfeitures, and

"(iv) the compromise of claims,

shall apply to seizures and forfeitures incurred, or alleged to have been incurred, under the provisions of this subparagraph, insofar as applicable and not inconsistent with this Act; except that such duties as are imposed upon the customs officer or any other person with respect to the seizure and forfeiture of property under the customs laws shall be performed with respect to seizures and forfeitures of property under this subparagraph by the Secretary or such officers and employees of the Department of Commerce as may be authorized or designated for that purpose by the Secretary, or, upon the request of the Secretary, by any other agency that has authority to manage and dispose of seized property.".

SEC. 119. FOREIGN POLICY CONTROLS.

Section 6 (50 U.S.C. App. 2405) is amended—

(1) by striking subsection (b)(2) and inserting the following:

"(2) The President may impose, extend, or expand controls under this section only if the President determines that the criteria in paragraph (1) have been met."; and

(2) in subsection (h)(3)—

(A) in the first sentence by striking all after "the Secretary" through "controls" and inserting "shall make a determination of foreign availability"; and

(B) in the last sentence, by striking all after "this section" through "appropriate" and inserting "within 12 months after the date on which export controls under this section are imposed or expanded unless the foreign availability has been eliminated or a multilateral control arrangement has been achieved among major suppliers of the controlled goods and technology by that time or the President determines that essential foreign policy interests of the United States require continuation of the controls".

SEC. 120. MISSILE TECHNOLOGY.

(a) MULTILATERAL NEGOTIATIONS.—Section 3 (50 U.S.C. App. 2402) is amended by adding at the end the following:

"(16) It is the policy of the United States that the Secretary of State, in cooperation with the Secretary, the Secretary of Defense, and other appropriate agencies, should, in order to address the growing threat to United States interests from ballistic missile proliferation, immediately undertake steps to renegotiate multilateral arrangements for the purpose of—

"(A) effectively restricting technology with direct missile application from reaching undesirable end-users, and

"(B) increasing the number of countries participating in the missile technology control regime.".

(b) MISSILE TECHNOLOGY CONTROLS.—Section 6 (50 U.S.C. App. 2405) is amended—

(1) by redesignating subsections (k) through (p) as subsections (m) through (r), respectively; and

(2) by inserting after subsection (j) the following:

"(k) NEGOTIATIONS WITH OTHER COUNTRIES.—(1) The Secretary of State, in consultation with the Secretary, the Secretary of Defense, and the heads of other appropriate departments and agencies, shall be responsible for conducting negotiations with other countries, including but not limited to those countries participating in the groups known as the Coordinating Committee, the Missile Technology Control Regime, and the Australia Group, regarding their cooperation in restricting the export of goods and technology in order to carry out the policy set forth in section 3(2)(B) of this Act, and to carry out United States policy opposing the proliferation of chemical, biological, and other weapons and their delivery systems and effectively restricting the export of the dual use components of such weapons and their delivery systems as authorized by this subsection and subsections (a) and (l). Such negotiations shall cover, among other issues, which goods and technology should be subject to multilaterally agreed export restrictions and what conditions should apply for exceptions for those restrictions. In cases where such negotiations produce agreements on export restrictions that the Secretary, in consultation with the Secretary of State and the Secretary of Defense, determines to be consistent with the principles identified in section 5(a)(4)(D) of this Act, the Secretary may treat exports, whether by individual or multiple licenses, to countries party to such agreements in the same manner as dual use exports are treated under section 5 to members of the Coordinating Committee.

"(2) The Secretary shall annually review any determination under paragraph (1). For each country that the Secretary certifies to have an effective export control system, the Secretary may continue preferential licensing treatment for exports to that country provided under this section. For each country which the Secretary certifies is not meeting the requirements of an effective export control system, the Secretary shall restrict or eliminate any preferential licensing treatment for exports to that country provided under this section.

"(l) MISSILE TECHNOLOGY.—(1) The Secretary, in consultation with the Secretary of State, shall establish and maintain, as part of the control list, a list of dual-use goods and technology, including all dual use goods and technology on the Missile Technology Control Regime Annex, that would provide a direct and immediate impact on the development of missile delivery systems.

"(2) The Secretary shall require a validated license for any export of goods or technology listed under paragraph (1) to any country except those whose governments have been determined by the President to be effective in implementing missile technology export controls and such other countries as the President shall designate consistent with the purposes of this Act.

"(3) Licenses should in general be denied if the ultimate consignee of the goods or technology is a facility in a nonadherent to the Missile Technology Control Regime that is designed to develop or build missiles or in a country which the Secretary of State has determined, under subsection (j) has repeatedly provided support for acts of international terrorism.

"(4) Notwithstanding any other provision of this Act, a determination of the Secretary to approve an export license for the export of goods or technology under this subsection may be made only after referral to the Secretary of State and, if so requested, to the Secretary of Defense in any case in which—

"(A) the good or technology is included in the annex of equipment and technology to the Missile Technology Control Regime; and

"(B) the destination is a country which the Secretary of State has determined is of concern to the United States regarding missile proliferation or is a potential channel of diversion identified pursuant to paragraph (5) of this subsection.

If the Secretary disagrees with the Secretary of State, and the Secretary of Defense where appropriate, regarding any determination under paragraph (1), the matter shall be referred to the President for resolution.

"(5) The Secretary shall establish a procedure for information sharing with appropriate officials at the Central Intelligence Agency and the Defense Intelligence Agency that will ensure effective monitoring of flows of MTCR technology to all countries that the Secretary of State has determined are of concern to the United States regarding missile proliferation in order to ensure detection of channels of diversion.".

(c) SANCTIONS FOR MISSILE TECHNOLOGY PROLIFERATION.—The Act is amended by inserting after section 11A (50 U.S.C. App. 2410a) the following:

"MISSILE PROLIFERATION CONTROL VIOLATIONS

"SEC. 11B. PROLIFERATION CONTROL VIOLATIONS.—(a) VIOLATIONS BY UNITED STATES PERSONS.—(1) SANCTION.—If the President determines that a United States person has transferred or conspired to transfer or facilitated the transfer, in violation of the provision of section 38 of the Arms Export Control Act (22 U.S.C. 2778), section 5 or 6 of the Export Administration Act of 1979 (50 U.S.C. App. 2404, 2405) or any regulations issued under any such provisions, of any item on the annex of goods and technology to the Missile Technology Control Regime, then the President shall deny to such United States person for a period of two years licenses issued pursuant to this Act for the transfer of missile equipment and technology.

"(2) DISCRETIONARY SANCTIONS.—In the case of any determination referred to in subsection (a), the Secretary may pursue any other appropriate penalties available under section 11 of this Act.

"(3) WAIVER.—The President may waive, to the extent required to meet the national security needs of the United States, the imposition of sanctions under subsection (a) if the President certifies to the Congress that—

"(A) the product or service is essential to the national security of the United States; or

"(B) such person is a sole source supplier of the product or service, the product or service is not available from any alternative reliable supplier, and the need for the product or service cannot be met in a timely manner by improved manufacturing processes or technological developments.

"(b) TRANSFERS OF MISSILE EQUIPMENT AND TECHNOLOGY BY FOREIGN PERSONS.—(1) SANCTION.—The President, subject to subsections (c) and (d), shall impose on a foreign person, for a period of not less than 2 years, one or more of the sanctions listed in subsection (b), (A) if the President determines that the foreign person, on or after the date of enactment of this section, knowingly attempted to export, import, or obtain dual use items on the Missile Technology Control Regime Annex that would be, if they were United States goods or technology, subject to the jurisdiction of this Act, for the purpose of assisting in the development or production of missiles capable of delivering chemical, biological, or nuclear weapons in a country identified as a country of concern by the Secretary of State, or (B) the President has made a determination under section 73(a) of the Arms Export Control Act.

"(2) The President may impose sanctions under paragraph (1) on a foreign person only after consultation, with respect to such sanctions, with the government having primary jurisdiction over that foreign person, and such sanctions shall not be imposed if the President has determined that such government has taken adequate corrective action with respect to the acts described in paragraph (1) by that foreign person.

"(b) SANCTIONS.—The sanctions on a foreign person specified in subsection (a) are, except as provided in subsections (c) and (d), the following:

"(1) The Secretary shall revoke any validated export license previously issued for export by or to that foreign person, notwithstanding any other provision of law, and enter a final order denying that foreign person all export privileges. The Secretary shall publish such final order in the Federal Register.

"(2) The United States Government shall ban the importation into the United States of products produced by that foreign person.

"(3) The United States Government shall not procure, or enter into any contract for the procurement of, any goods or services from that foreign person.

Any sanction imposed under this section shall remain in effect for not more than 5 years.

"(c) EXCEPTIONS.—The President shall not apply sanctions under this section—

"(1) in the case of procurement of defense articles or defense services—

"(A) under existing contracts or subcontracts, including the exercise of options for production quantities to satisfy requirements essential to the national security of the United States;

"(B) if the President determines that the person to which the sanctions would be applied is a sole source supplier of the defense articles and services, that the defense articles or services are essential to the national security of the United States, and that alternative sources are not readily or reasonably available;

"(C) if the President determines that such articles or services are essential to the national security of the United States under defense coproduction agreements or NATO Programs of Cooperation; or

"(D) if the President determines that the export or transfer was authorized by a country that is cooperating with United States efforts to stem missile proliferation;

"(2) to products or services provided under contracts entered into before the date on which the President publishes his intention to impose the sanctions; or

"(3) to—

"(A) spare parts,

"(B) component parts, but not finished products, essential to United States products or production,

"(C) routine services and maintenance of products, to the extent that alternative sources are not readily or reasonably available, or

"(D) information and technology.

"(d) WAIVER AND REPORT TO CONGRESS.—(1) The President may waive the application of subsections (a) and (b) to a foreign person if the President determines that such waiver is essential to the national security of the United States.

"(2) In the event that the President decides to apply the waiver described in paragraph (1), the President shall so notify the Congress not less than 20 working days before the waiver takes effect. Such notification shall include a report fully articulating the rationale and circumstances which led the President to apply the waiver.".

SEC. 121. LITHUANIA.

It is the sense of the Senate that no exports to the Soviet Union that are controlled by virtue of the amendments made in order by this title, may be licensed for sale by United States exporters until the President certifies to the Congress that the Soviet Union has entered into serious negotiations with the elected government of Lithuania for the purpose of allowing the self-determination of Lithuania and is conducting such negotiations without economic coercion.

SEC. 122. POLICY TOWARD THE PEOPLE'S REPUBLIC OF CHINA.

(a) FINDINGS AND POLICY.—The Congress finds that—

(1) the United States and the group known as the Coordinating Committee have granted special licensing preferences in favor of exports to the People's Republic of China compared to other controlled countries, based upon a consensus that the People's Republic of China posed a reduced national security threat;

(2) the United States policy of differentiating the People's Republic of China from other controlled countries was also intended to encourage emerging democratization and economic reform in that country; and

(3) the assumptions underlying past policy must be reevaluated in light of massive abuses of human rights by the government of the People's Republic of China and evidence that the Chinese Government has assisted in the proliferation of missiles and nuclear technology to politically volatile areas of the world.

It is therefore the policy of the United States that export licensing preferences for the People's Republic of China should be eliminated and access to dual-use goods and technology representing proliferation concerns should be restricted.

(b) NO PREFERENTIAL TREATMENT.—Section 5(b) (50 U.S.C. App. 2404(b)) is amended by adding at the end the following:

"(4)(A) In the context of the 'Core List' exercise undertaken pursuant to the agreements reached at the Coordinating Committee High Level Meeting, 6–7 June 1990, the United States representative to the Coordinating Committee should oppose preferential treatment for the People's Republic of China compared to the treatment of other controlled countries.

"(B) If the President determines that licensing treatment for the People's Republic of China should be liberalized compared to other controlled countries, no action to liberalize treatment should be taken until 30 days after the President reports such determination to the Congress stating the justification for the change in policy.".

(c) PROLIFERATION CONCERNS REGARDING THE PEOPLE'S REPUBLIC OF CHINA.—Section 6 (50 U.S.C. App. 2405), as amended by section 120, is amended by adding at the end the following:

"(s) PROLIFERATION CONCERNS REGARDING THE PEOPLE'S REPUBLIC OF CHINA.—(1) Requests for authority or permission to export goods or technology to the People's Republic of China which are controlled under this section, pursuant to multilateral arrange-

ments to control proliferation of chemical weapons and missile technology, should be denied in the absence of adequate assurances regarding appropriate end-use and nontransfer of goods or technology to a country or project of concern.

"(2) In order to ensure effective control of proliferation through the People's Republic of China, the Secretary of State should seek the cooperation of other governments involved in multilateral control arrangements to restrict exports of such goods and technology in harmonizing treatment of exports to the People's Republic of China with control efforts of the United States.

"(3) The policy in subparagraph (1) shall remain in effect unless the President determines and reports to Congress that the People's Republic of China has ceased to act in a manner inconsistent with multilateral nonproliferation efforts.".

SEC. 123. AUTHORIZATION AND EXTENSION.

(a) AUTHORIZATION.—Section 18(b) (50 U.S.C. App. 2417(b)) is amended to read as follows:

"(b) AUTHORIZATION.—There are authorized to be appropriated to the Department of Commerce to carry out the purposes of this Act—

"(1) $44,523,000 for the fiscal year 1991, and such sums as may be necessary for fiscal year 1992, of which $150,000 shall be available each year only for the representation of the Secretary or the Secretary's designee at the Coordinating Committee under section 5(k)(2); and

"(2) such additional amounts for each fiscal year as may be necessary for increases in salary, pay, retirement, other employee benefits authorized by law, and other nondiscretionary costs.".

(b) EXTENSION.—Section 20 (50 U.S.C. App. 2419) is amended by striking "1990" and inserting "1992".

SEC. 124. PROHIBITION OF CERTAIN TRANSACTIONS BETWEEN CERTAIN UNITED STATES FIRMS AND CUBA.

The Trading with the Enemy Act is amended by adding at the end thereof the following new section:

"SEC. 44. Notwithstanding any other provision of law, no license may be issued for any transaction described in section 515.559 of title 31, Code of Federal Regulations, as in effect on July 1, 1989, unless a license may be issued for such transaction if such transaction were undertaken by a firm organized under the laws of any of the States of the United States.".

SEC. 125. AUTHORITY FOR PRIVATE INSPECTION SYSTEMS.

Section 4 of the Export Administration Act of 1979 is amended by adding the following new subsection:

"( ) AUTHORITY FOR PRIVATE INSPECTION SYSTEMS.—The Secretary is authorized to maintain a list of approved private inspection companies for the purpose of enabling exporters to submit independently verified, certified information necessary for effective and timely licensing.".

TITLE II—EXPORT PROMOTION

SEC. 201. EXPORT PROMOTION AUTHORIZATION.

(a) IN GENERAL.—Section 202 of the Export Administration Amendments Act of 1985 (15 U.S.C. 4052) is amended to read as follows:

"There are authorized to be appropriated to the Department of Commerce—

"(1) to carry out export promotion programs $164,599,000 for the fiscal year 1991, and such sums as may be necessary for fiscal year 1992; and

"(2) to carry out section 2303 of the Omnibus Trade and Competitiveness Act of 1988 $6,000,000 for fiscal year 1991, and such sums as may be necessary for fiscal year 1992.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1990.

SEC. 202. MINISTER-COUNSELORS.

Section 2301(d)(1) of the Export Enhancement Act of 1988 (15 U.S.C. 4721(d)(1)) is amended in the first sentence by striking "8" and inserting "12".

SEC. 203. REPORT ON EXPORT POLICY.

(a) IN GENERAL.—For any year in which the United States fails to achieve a merchandise trade surplus, the Secretary of Commerce shall transmit to the Congress, not later than April 30 of the following year, a report that—

(1) analyzes ways to increase exports that addresses—

(A) progress made in strengthening coordination of Federal export promotion efforts;

(B) efforts made to improve coordination of Federal export promotion activities with the States;

(C) efforts made to improve coordination and cooperation with private industry groups; and

(D) inadequacies in Federal and State government and private sector export financing programs;

(2) assesses barriers to United States exports in Japan, the newly industrializing countries of East Asia, the European Community, Eastern Europe and Latin America identified in the National Trade Estimate Report, and sets forth activities undertaken by the Commerce Department to overcome such barriers and expand United States exports to such markets;

(3) includes recommendations by the Secretary on ways to—

(A) increase United States industrial exports;

(B) improve United States manufacturing and industrial competitiveness;

(C) encourage research and development on critical technologies; and

(D) improve Federal and State government and private sector export financing programs;

(4) describes means to improve and increase information and assistance to United States firms, particularly small- and medium-sized firms, that are exporting or have the potential to export their products overseas.

(b) EXPORT STRATEGY.—As part of the first report submitted pursuant to subsection (a), the Secretary of Commerce, acting through the International Trade Administration, shall—

(1) develop and submit to the Congress a 5-year export market development strategy, focusing on the issues identified in subsection (a)(1); and

(2) consider and report on the best means to establish and maintain within the United States and Foreign Commercial Service a one-stop shop which would—

(A) make available to exporters and other interested persons information on export services from all United States Government agencies; and

(B) coordinate Federal export activities with those of not-for-profit groups and trade associations involved in promoting exports as well as State, local, and regional export assistance agencies.

(c) TESTIMONY.—The Secretary of Commerce shall appear to testify on any report under this section at the request of the Committee on Foreign Affairs of the House of Representatives or the Committee on Banking, Housing, and Urban Affairs of the Senate.

SEC. 204. PILOT PROGRAM.

(a) IN GENERAL.—The Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service, and the Administrator of the Small Business Administration shall develop and implement a pilot program to increase cooperation between the agencies in providing export assistance to small businesses. Under this pilot program, the Administrator of the Small Business Administration shall assign at least 6 small business specialists to be assigned by the Assistant Secretary of Service to district or branch offices maintained in the United States by the United States and Foreign Commercial Service.

(b) DUTIES.—The small business specialist shall report to the manager of the office to which such specialist is assigned and shall be responsible for assisting small businesses to compete in international markets.

(c) DURATION.—The pilot program shall be implemented for a 2-year period from the date upon which the Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service identifies the district or branch offices to which such small business specialists shall be assigned pursuant to subsection (a).

SEC. 205. INTEREST SUBSIDY PROGRAM.

(a) REQUIREMENT TO EXPEND AMOUNTS APPROPRIATED.—Section 2(f)(1) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(f)(1)) is amended by striking "may enter" and inserting "shall use all amounts appropriated to carry out this subsection to enter".

(b) EXTENSION OF PROGRAM THROUGH THE END OF FISCAL YEAR 1992.—Section 2(f)(4) of such Act (12 U.S.C. 635(f)(4)) is amended by striking "1991" and inserting "1992".

(c) LIMITATION ON AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 1992.—Section 2(f)(3) of such Act (12 U.S.C. 635(f)(3)) is amended—

(1) in subparagraph (A), by striking "and";

(2) in subparagraph (B), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(C) $35,000,000, for fiscal year 1992.".

SEC. 206. FINANCING DEFENSE ARTICLES AND SERVICES.

Section 2(b)(6) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(6)) is amended—

(1) by redesignating subparagraph (G) as subparagraph (H);

(2) by inserting after subparagraph (F) the following:

"(G)(i) So that United States exporters can remain competitive in the sale of defense articles and services to Japan or any country which is a member of the North Atlantic Treaty Organization (NATO), the Bank shall establish a program to provide guarantees for the sale of defense articles and services to such countries, on terms and conditions which are fully competitive with the Government-sponsored terms and conditions available for the financing of such articles and services from the principal countries whose exporters compete with United States exporters in the sale of defense articles and services to Japan and NATO countries; and

"(ii) The Bank shall carry out the provisions of this subparagraph, notwithstanding

subparagraph (A), and section 32 of the Arms Export Control Act."; and

(3) by striking "and (F)" in subparagraph (H) and inserting "(F), and (G)".

SEC. 207. HUMAN RIGHTS IN YUGOSLAVIA.

(a) FINDINGS.—The Congress finds that the Department of State's Country Report on Human Rights Practices for 1989 cites many human rights practices in Yugoslavia that violate internationally accepted human rights standards, including infringement upon and abrogation of the rights of assembly and fair trial, freedom of speech, and freedom of the press.

(b) REPORT.—The Secretary of State shall submit a report 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, not later than 3 months after the date of enactment of this Act, explaining why Export-Import Bank funding for exports to Yugoslavia has not been restricted or denied pursuant to section 2(b)(1)(B) of the Export-Import Bank Act of 1945.

SEC. 208. INCREASE OF MEMBERSHIP OF ADVISORY COMMITTEE.

Section 3(d)(1)(A) of the Export-Import Bank Act of 1945 (12 U.S.C. 635a(d)(1)(A)) is amended by striking "twelve" and inserting "15".

SEC. 209. TECHNICAL CORRECTIONS RELATING TO THE INTERNATIONAL DEVELOPMENT AND FINANCE ACT OF 1989.

(a) ELIMINATION OF LANGUAGE MADE OBSOLETE BY ETHICS REFORM ACT OF 1989.—Subsection (c) of section 101 of the International Development and Finance Act of 1989 (103 Stat. 2494; Public Law 101-240), and the amendments made by such subsection, are hereby repealed, and section 2(a)(1) of the Export-Import Bank Act of 1945 shall be applied and administered as if such subsection (c) had never been enacted.

(b) REPEAL OF INADVERTENTLY INSERTED PARAGRAPH.—Paragraph (7) of section 101(b) of the International Development and Finance Act of 1989 (103 Stat. 2494; Public Law 101-240) is hereby repealed, and section 15 of the Export-Import Bank Act of 1945 shall be applied and administered as if such paragraph had not been enacted.

TITLE III—EXPORT SANCTIONS ON IRAQ

SEC. 301. FINDINGS.

The Congress find that—

(1) the Iraqi Government has engaged in numerous human rights violations, including torture, execution, the destruction of villages, and forcible relocation of peoples, and suppression of basic political freedoms in violation of its commitments and obligations under international law;

(2) the Department of State has continued to deem Iraq's human rights record "abysmal" in its Country Reports on Human Rights Practices;

(3) Amnesty International has documented extensive human rights abuses by the Government of Iraq, including the torture and execution of children;

(4) Iraq has blatantly violated international law in its initiation of the use of chemical weapons against Iran and in its use of chemical weapons against its own Kurdish citizens;

(5) Iraq is continuing to develop a chemical weapons capability and President Saddam Hussein has threatened to use chemical weapons against other nations, including the State of Israel;

(6) concern has been building due to persuasive evidence that Iraq is developing biological and nuclear weapons and is aggressively pursuing these technologies in violation of export controls; and

(7) evidence also indicates that Iraq has attempted to smuggle from the United States components for triggering devices used in nuclear warheads whose manufacture would contravene the Treaty on the Non-Proliferation of Nuclear Weapons, to which Iraq is a party.

SEC. 302. IMPOSITION OF SANCTIONS AGAINST IRAQ.

(a) FOREIGN MILITARY SALES.—The United States Government may not sell to Iraq pursuant to the Arms Export Control Act any item on the United States Munitions List.

(b) COMMERCIAL ARMS SALES.—Licenses may not be issued for the export to Iraq of any item on the United States Munitions List.

(c) EXPORTS OF DUAL USE ITEMS.—The authorities of section 6 of the Export Administration Act of 1979 (50 U.S.C. App. 2405) shall be used to prohibit the export to Iraq of any goods or technology on the control list established pursuant to section 5(c)(1) of that Act.

(d) DENIAL OF ACCESS TO THE EXPORT-IMPORT BANK.—Credits or credit guarantees through the Export-Import Bank of the United States shall be denied to Iraq.

(e) DENIAL OF ACCESS TO THE COMMODITY CREDIT CORPORATION.—Credit or credit guarantees through the Commodity Credit Corporation of the United States shall be denied to Iraq.

(f) DENIAL OF OTHER ASSISTANCE.—All forms of assistance under the Foreign Assistance Act of 1961 (22 U.S.C. 2751 et seq.) (other than assistance for medical supplies and other forms of humanitarian assistance) and the Arms Export Control Act shall be denied to Iraq.

SEC. 303. CONTRACT SANCTITY.

For purposes of the export controls imposed pursuant to subsection (c) of section 302 of this title, the date described in section 6(m)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(m)(1)) shall be deemed to be August 1, 1990.

SEC. 304. WAIVER.

The President may waive the requirements of any subsection of section 302 if the President certifies in writing to the Congress—

(1) that the Government of Iraq—

(A) has demonstrated, through a pattern of conduct, substantial improvement in its respect for internationally recognized human rights;

(B) has demonstrated substantial restraint in its acquisition of chemical, biological, and nuclear weapons and delivery systems for such weapons and has publicly forsworn the first use of such weapons; and

(C) has recommitted itself publicly to abide by the 1925 Geneva Protocol for the Prohibition of the Use in War of Asphyxiating, Poisoning, or Other Gases, and of Bacteriological Methods of Warfare; and

(2) that he has determined that it is essential to the national interests of the United States to waive the requirements of that subsection,

except that any such waiver shall not take effect until at least 60 days after the President's certification is submitted to the Congress. Any such certification shall include the justification for the President's determination under each subparagraph of paragraph (1) and under paragraph (2).

SEC. 305. MULTILATERAL COOPERATION.

The Congress calls on the President to seek multilateral cooperation—

(1) to deny dangerous technologies to Iraq; and

(2) to induce Iraq to respect internationally recognized human rights.

SEC. 306. EMBARGO PENALTIES.

Section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) is amended by adding a new subsection as follows:

"(b) In the case of Iraq and Kuwait—

"(1) a civil penalty of not to exceed $250,000 may be imposed on any person who violates any license, order, or regulation issued under the chapter;

"(2) whoever willfully violates any license, order, or regulation issued under this chapter shall, upon conviction be fined not more than $1,000,000, or if a natural person, may be imprisoned for not more than 10 years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment or both.".

SEC. 307. PREVENT SHIPMENT TO IRAQ, IRAN, SYRIA OR LIBYA OF CHEMICAL, BIOLOGICAL, OR NUCLEAR WEAPONS OR BALLISTIC MISSILES.

Section 5(b)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2404(b)(1) is amended by adding after "Foreign Assistance Act of 1961" the following: "and Iraq, Iran, Syria and Libya, and those countries determined by the President to be transferring U.S. chemical, biological, nuclear or missile technology to such countries, unless the President determines that such countries are not producing, developing or stockpiling chemical, biological or nuclear weapons or ballistic missiles,". Nothing in this section shall preclude the imposition of controls on the transfer of U.S. chemical, biological, nuclear or missile technology under Section 6 of this Act.

TITLE IV—CHEMICAL WEAPONS

SEC. 401. SHORT TITLE.

This title may be cited as the "Chemical and Biological Weapons Control Act of 1990".

SEC. 402. FINDINGS.

The Congress finds that—

(1) chemical weapons were employed in the recent Iran-Iraq war and by Iraq in attacks against its Kurdish minority;

(2) the use of chemical and biological weapons in violation of international law is abhorrent and requires immediate and effective sanctions;

(3) United Nations Security Council Resolution 620, adopted on August 26, 1988, states the intention of the Security Council to consider immediately "appropriate and effective" sanctions against any country using chemical and biological weapons in violation of international law;

(4) the Declaration of the Paris Conference on the Prohibition of Chemical Weapons demonstrates the resolve of most countries to reaffirm support for the 1925 protocol banning the use of chemical and bacteriological weapons and to press for attainment of a ban on the production and possession of chemical weapons;

(5) as many as 20 countries, including Iran, Iraq, Syria, and Libya have or are seeking the capability to produce chemical weapons;

(6) as many as 10 countries are working to produce biological weapons;

(7) by the year 2000, at least 15 developing countries will have the ability to produce ballistic missiles capable of carrying chemical or biological warheads;

(8) the further spread of chemical or biological weapons capabilities would pose a threat of incalculable proportions to friends and allies of the United States and undermine the national security of the United States;

(9) the United Nations should create an effective means of monitoring and reporting regularly on commerce in equipment, materials, and technology applicable to the attainment of a chemical or biological weapons capability; and

(10) every effort should be made to conclude an early agreement banning the production and stockpiling of chemical or biological weapons.

SEC. 403. PURPOSE.

It is the purpose of this title—

(1) to mandate United States sanctions and to encourage international sanctions against countries that use chemical or biological weapons in violation of international law or use lethal chemical or biological weapons against their own nationals;

(2) to require presidential reports on efforts that threaten United States interests or regional stability by Iran, Iraq, Syria, Libya, and others to acquire the materials and technology to develop, produce, stockpile, and deliver chemical and biological weapons;

(3) to urge cooperation with other supplier nations to devise effective controls on the transfer of materials, equipment, and technology applicable to chemical or biological weapons production;

(4) to promote agreements banning the transfer of missiles suitable for armament with chemical or biological warheads;

(5) to encourage an early agreement banning the development, production, and stockpiling of chemical weapons; and

(6) to seek effective international means of monitoring and reporting regularly on commerce in equipment, materials, and technology applicable to the attainment of a chemical or biological weapons capability.

Subtitle A—Sanctions Against the Use of Chemical and Biological Weapons

SEC. 411. SANCTIONS FOR THE USE OF CHEMICAL WEAPONS.

(a) DETERMINATION BY THE PRESIDENT.—(1) Whenever information becomes available to the United States Government indicating the substantial possibility that, on or after the date of enactment of this Act, a foreign country has used chemical or biological weapons, the President shall, within 60 days of the receipt of such information by the United States Government, make a determination as to whether that foreign country, on or after such date, has used chemical or biological weapons in violation of international law or has used lethal chemical or biological weapons against its own nationals.

(2) Not later than 60 days after the chairman of the Committee on Foreign Relations of the Senate, upon consultation with the ranking minority member of such Committee, or the chairman of the Committee on Foreign Affairs of the House of Representatives, upon consultation with the ranking minority member of such Committee, requests the President to make a determination as to whether or not a foreign country, on or after the date of enactment of this title, has used chemical or biological weapons in violation of international law or has used lethal chemical or biological weapons against its own nationals, the President shall make such determination and so report in writing to the chairmen of such Committees.

(3) In making the determination under paragraph (1) or (2), the President shall consider the following:

(A) All physical and circumstantial evidence available bearing on the possible use of such weapons.

(B) All information provided by alleged victims, witnesses, and independent observers.

(C) The extent of the availability of the weapons in question to the purported user.

(D) All official and unofficial statements bearing on the possible use of such weapons.

(E) Whether, and to what extent, the country in question is willing to honor a request from the Secretary General of the United Nations to grant timely access to a United Nations fact-finding team to investigate the possibility of chemical or biological weapons use or to grant such access to other legitimate outside parties.

(b) SANCTIONS.—In the event of a Presidential determination under subsection (a) that, on or after the date of enactment of this title, a foreign country has used chemical or biological weapons in violation of international law or has used lethal chemical or biological weapons against its own nationals, then the President shall—

(1) terminate assistance to that country under the Foreign Assistance Act of 1961, except for urgent humanitarian assistance, or for the purpose of purchasing food or other agricultural products;

(2) terminate all foreign military sales financing under the Arms Export Control Act with respect to that country;

(3) terminate United States Government sales to that country of any defense articles or defense services;

(4) prohibit the issuance of any licenses for the export to that country of any item on the United States Munitions List;

(5) prohibit, under the authorities of section 6 of the Export Administration Act of 1979, the export to that country of any goods or technology except food or other agricultural products;

(6) oppose, in accordance with section 701 of the International Financial Institutions Act, the extension of any loan or financial or technical assistance to that country by international financial institutions;

(7) deny that country any credit or credit guarantees through the Export-Import Bank of the United States;

(8) prohibit any United States bank from making any loan or providing any credit to that country, except for loans or credits for the purpose of purchasing food or other agricultural products; and

(9) terminate, consistent with international law, the landing rights in the United States of any airline owned by the government of that country at the earliest practicable date.

SEC. 412. WAIVER.

The President may waive the applicability of some or all of the sanctions listed in section 411 with respect to a specific country for a period of not to exceed twelve months beginning on the date of the determination by the President of use by that country of chemical or biological weapons in violation of international law, or the use of lethal chemical or biological weapons against its own nationals, if he determines that such waiver is in the national interest of the United States and so certifies to the Speaker of the House of Representatives and the President of the Senate. Together with such certification, the President shall submit in writing a statement containing a detailed explanation of the national interest requiring a waiver, which may include a classified addendum if necessary.

SEC. 413. NOTIFICATION.

Not later than five days after he imposes any sanction described in section 411 against a country or waives under section 412 the applicability of any such sanction, the President shall so notify in writing the Speaker of the House of Representatives and the President of the Senate.

SEC. 414. CONTRACT SANCTITY.

(a) SANCTIONS NOT APPLIED TO EXISTING CONTRACTS.—(1) No sanction described in paragraphs (6) through (10) of section 411(b) shall apply to any activity pursuant to any contract or international agreement entered into before the date of the appropriate presidential determination under section 411(a) unless the President determines, on a case-by-case basis, that to so apply such sanction would prevent the performance of a contract or agreement that would have the effect of assisting a country in using chemical or biological weapons in violation of international law or in using lethal chemical or biological weapons against its own nationals.

(2)(A) The same restrictions of section 6(m) of the Export Administration Act of 1979 which are applicable to exports prohibited under section 6 of that section shall apply to exports prohibited under section 411(b)(5).

(B) For purposes of subparagraph (A) of this paragraph, any contract or agreement the performance of which (as determined by the President) would have the effect of assisting a country in using chemical or biological weapons in violation of international law or in using lethal chemical or biological weapons against its own nationals shall be treated as constituting a breach of the peace that poses a serious and direct threat to the strategic interest of the United States, within the meaning of subparagraph (A) of section 6 (m) of that title.

(b) SANCTIONS APPLIED TO EXISTING CONTRACTS.—The sanctions described in paragraphs (1), (2), (3), and (4) of section 411 shall apply to contracts and agreements, without regard to the date such contracts or agreements were entered into, except that such sanctions shall not apply to any contract or agreement entered into before the date of the appropriate presidential determination under section 411(a) if the President determines that the application of such sanction would be detrimental to the national security interests of the United States.

SEC. 415. REMOVAL OF SANCTIONS.

The President may remove the sanctions imposed pursuant to section 411 of this title if the President determines and so certifies to the Speaker of the House of Representatives and the President of the Senate that the country under sanction—

(1) has renounced any use of chemical or biological weapons in violation of international law, or any use of lethal chemical or biological weapons against its own nationals, and has provided reliable assurances to that effect; and

(2) has made satisfactory restitution to those affected in its earlier use of chemical or biological weapons in violation of international law or in its earlier use of lethal chemical or biological weapons against its own nationals.

SEC. 416. PRESIDENTIAL REPORTS.

Not later than 90 days after the date of enactment of this Act, and every 12 months thereafter, the President shall submit to the

Speaker of the House of Representatives and the President of the Senate, a report—

(1) detailing efforts by countries or subnational groups that threaten United States security interests or regional stability (including efforts by Iran, Iraq, Libya, and Syria and other developing countries or subnational groups) to acquire the materials and technology to develop, produce, stockpile, and deliver chemical, biological or nuclear weapons, together with an assessment of the present and future capabilities of such countries or subnational groups to develop, produce, stockpile, and deliver chemical, biological or nuclear weapons;

(2) describing the degree to which any country or foreign person has aided or abetted the government of any country or a subnational group to engage in any activity in connection with the acquisition of any such chemical, biological or nuclear weapon; and

(3) listing all United States persons against whom administrative, civil, or criminal penalties have been applied for shipment of goods and technology controlled for chemical, biological and nuclear weapons proliferation purposes pursuant to the Export Administration Act of 1979 or the Arms Export Control Act.

To the extent practicable, reports submitted pursuant to this section should be based on unclassified information. Portions of each such report may be classified.

SEC. 417. MULTILATERAL EFFORTS.

The President is urged—

(1) to continue close cooperation with others in the Australia Group in support of its current efforts and in devising additional means to monitor and control the supply of chemicals applicable to weapons production to Iraq, Iran, Syria, and Libya—countries that currently support or have recently supported acts of international terrorism;

(2) to work closely with other countries also capable of supplying equipment, materials, and technology with particular applicability to chemical or biological weapons production to devise the most effective controls possible on the transfer of such materials, equipment, and technology;

(3) to seek agreements with countries that produce ballistic missiles suitable for carrying chemical or biological warheads that would prevent the transfer of such missiles; and

(4) to take the initiative in pressing for early conclusion of an international agreement banning the development, production, and stockpiling of chemical weapons.

SEC. 418. UNITED NATIONS INVOLVEMENT.

The President is urged to give full support to—

(1) the United Nations Security Council, in furtherance of Security Council Resolution 620, adopted August 26, 1988, in developing sanctions comparable to those enumerated in section 411 of this title, to be imposed in the event that any country uses chemical or biological weapons in violation of international law; and

(2) the creation of an effective multilateral means of monitoring and reporting regularly on commerce in chemical equipment, materials, and technology applicable to the attainment of a chemical or biological weapons capability.

Subtitle B—Measures to Prevent the Proliferation of Chemical and Biological Weapons

SEC. 421. MULTILATERAL EFFORTS.

(a) It is the policy of the United States to seek multilaterally coordinated efforts with other countries to control the proliferation of chemical and biological weapons.

(b) It is also the policy of the United States to strengthen efforts to control chemical agents, precursors, and equipment by taking all appropriate multilateral diplomatic measures—

(1) to continue to seek a verifiable global ban on chemical weapons at the 40 nation Conference on Disarmament in Geneva;

(2) to undertake a diplomatic initiative to strengthen the Australia Group's objective to support the norms and restraints against the spread and the use of chemical warfare, advance the negotiation of a comprehensive ban on chemical warfare by taking appropriate measures, and to protect the Group's domestic industries against inadvertent association with supply of feedstock chemical equipment that could be misused to produce chemical weapons;

(3) to implement paragraph (2) by introducing steps complementary to, and not mutually exclusive of, existing multilateral efforts seeking a verifiable ban on chemical weapons, such as the establishment of—

(A) a permanent secretariat,

(B) a harmonized list of export control rules and regulations to prevent relative commercial advantage and disadvantages accruing to Australia Group members,

(C) liaison officers to the secretariat from within the diplomatic missions,

(D) a close working relationship between the Group and industry,

(E) a public unclassified warning list of controlled chemical agents, precursors, and equipment,

(F) information-exchange channels of suspected proliferants,

(G) a "denial" list of firms and individuals who violate the Group's export control provisions, and

(H) broader cooperation between the Australia Group and other countries whose political commitment to stem the proliferation of chemical weapons is similar to that of the Group; and

(4) to adopt the imposition of stricter controls on the export of chemical agents, precursors, and equipment and to adopt tougher multilateral sanctions against firms and individuals who violate these controls or against countries that use chemical weapons.

SEC. 422. PRINCIPLES GUIDING THE ADOPTION OF A MULTILATERAL EXPORT CONTROL SYSTEM.

(a) IN GENERAL.—The United States Government should propose to the Australia Group that its objectives should be guided by taking all appropriate measures—

(1) to ensure that the measures are effective in impeding the production of chemical weapons,

(2) to ensure that the measures are easy and economical to implement, and that they are practical, and

(3) to ensure that the measures do not impede the normal trade of chemicals and equipment used for legitimate purposes.

(b) DEFINITIONS.—For the purpose of section 201 and this section, the term "Australia Group" means the group of nineteen OECD nations dedicated to the control of the export of certain chemicals, including Australia, New Zealand, Austria, Belgium, Denmark, Canada, Japan, Norway, United States, United Kingdom, Federal Republic of Germany, France, Greece, Ireland, Italy, Netherlands, Portugal, Spain, Luxembourg, and Switzerland.

SEC. 423. EXPORT CONTROLS.

(a) IN GENERAL.—The President shall—

(1) use the authorities of the Arms Export Control Act to control the export of those defense articles and defense services, and

(2) use the authorities of the Export Administration Act of 1979 to control the export of those goods and technologies,

that the President determines would assist a country in acquiring the capability to develop, produce, stockpile, deliver, or use chemical or biological weapons.

(b) EXPORT ADMINISTRATION ACT.—Section 6 of the Export Administration Act of 1979 (50 U.S.C. App. 2405) is amended by adding at the end thereof the following new subsection:

"(q) CHEMICAL AND BIOLOGICAL WEAPONS.—(1) The Secretary, in consultation with the Secretary of State and the Secretary of Defense, shall establish and maintain a list of goods and technology that would directly and substantially assist a country or group in acquiring the capability to develop, produce, stockpile, or deliver chemical or biological weapons, the licensing of which would be effective in barring acquisition or enhancement of such capability;

"(2) The Secretary shall require a validated license for any export of goods or technology listed under paragraph (1) to any country except those with whose governments the United States has entered into bilateral or multilateral arrangements for the control of such goods or technology and such other countries as the President shall designate consistent with the purposes of this Act.

"(3) Notwithstanding any other provision of this Act, a determination of the Secretary to approve or deny an export license for the export of goods or technology under this subsection may be made only after consultation with the Secretary of State. If the Secretary disagrees with the Secretary of State regarding any determination under paragraph (1) or (2), the matter shall be referred to the President for resolution.".

(c) IMPROVED VERIFICATION OF EXPORT CONTROLS.—The Secretary of Commerce should, in order to supplement existing means of verification of export controls relating to chemical and biological weapons, take measures to encourage voluntary utilization of appropriate independent inspection companies to inspect and certify shipments and end-users of chemicals that could be used in the development of chemical and biological weapons.

SEC. 424. SANCTIONS AGAINST CERTAIN FOREIGN PERSONS.

The Arms Export Control Act is amended by inserting after section 38 the following new section:

"SEC. 38A. SANCTIONS AGAINST CERTAIN FOREIGN PERSONS.

"(a) DETERMINATION BY THE PRESIDENT.—

"(1) IMPOSITION OF SANCTIONS.—The President, subject to subsection (d), shall impose on a foreign person the sanctions under subsection (b) if the President determines that the foreign person, on or after the date of the enactment of this section, has knowingly and materially contributed through shipment of goods or technologies that would be, if they were United States goods or technologies, subject to the jurisdiction of the United States, or through any transaction, other than of goods and technology, not subject to sanctions pursuant to the Export Administration Act, to the efforts to use, develop, produce, stockpile, or otherwise acquire chemical or biological weapons by any country that the President has determined has at any time after January 1, 1980—

"(A) used chemical or biological weapons in violation of international law;

"(B) used lethal chemical or biological weapons against its own nationals;

"(C) made substantial preparations to do the activities described in clause (A) or (B); or

"(D) been designated pursuant to section 6(j) of the Export Administration Act of 1979 as a country which supports international terrorism.

"(2) CONSULTATIONS WITH AND ACTIONS BY GOVERNMENT OF JURISDICTION.—The President may delay imposition of sanctions against a foreign person for a period of up to 90 days in order to pursue consultations with the government with primary jurisdiction over that foreign person involved in the activities cited in paragraph (1). Following these consultations, the President shall impose sanctions against the foreign person unless he has determined and certified to the Congress that such government has taken specific and effective actions, including appropriate penalties, to terminate the involvement of the foreign person in such activities.

"(3) REPORT TO CONGRESS.—The President shall report to the Congress, not later than 30 days after making a determination under paragraph (1), on the status of consultations with the appropriate government under paragraph (2), and the basis for any determination under paragraph (2) that such government has taken specific corrective actions.

"(b) SANCTIONS.—The sanctions referred to in subsection (a) shall apply to the foreign person committing the violation, as well as to any parent, affiliate, subsidiary, and successor entity of the foreign person, are as follows:

"(1) PROCUREMENT SANCTION.—The United States Government shall not procure, or enter into any contract for the procurement of, any goods or services from that foreign person.

"(c) TERMINATION OF SANCTIONS.—A sanction imposed on a foreign person under this section shall apply for a period of at least 24 months and in no case shall cease to apply to that foreign person until the expiration of the 12-month period beginning on the date the President determines and certifies to the Congress that—

"(1) reliable intelligence information indicates that the foreign person has ceased to aid or abet any foreign country in its efforts to acquire chemical or biological weapons capability as described in subsection (a)(1) of this section; and

"(2) in the President's judgment, it would be in the national interest of the United States to procure or contract for the procurement of goods or services from such foreign person, or to import goods or services from such foreign person.

"(d) EXCEPTIONS.—The President shall not be required under this section to apply sanctions—

"(1) in the case of procurement of defense articles or defense services—

"(A) under existing contracts or subcontracts, including the exercise of options for production quantities to satisfy United States operational military requirements;

"(B) if the President determines that the person or other entity to which the sanctions would otherwise be applied is a sole source supplier of the defense articles or services, that the defense articles or services are essential, and that alternative sources are not readily or reasonably available; or

"(C) if the President determines that such articles or services are essential to the national security under defense coproduction agreements;

"(2) to products or services provided under contracts entered into before the date on which the President publishes his intention to impose sanctions;

"(3) to—

"(A) spare parts,

"(B) component parts, but not finished products, essential to United States products or production, or

"(C) routine servicing and maintenance of products, to the extent that alternative sources are not readily or reasonably available;

"(4) to information and technology not directly useful for the development, production, or stockpiling of chemical or biological weapons; or

"(5) to medical or other humanitarian items.

"(e) DEFINITION.—For the purposes of this section, the term 'foreign person' means—

"(A) an individual who is not a citizen of the United States or an alien admitted for permanent residence to the United States; or

"(B) a corporation, partnership, or other entity, including any parent or subsidiary entity thereof, which is created or organized under the laws of a foreign country or which has its principal place of business outside the United States.".

SEC. 425. SANCTIONS AGAINST CERTAIN FOREIGN PERSONS.

The Export Administration Act of 1979 (50 U.S.C. App. 2410) is amended by inserting after section 11A the following new section:

"CHEMICAL AND BIOLOGICAL WEAPONS PROLIFERATION

"SEC. 11B. (a) DETERMINATION BY THE PRESIDENT.—

"(1) IMPOSITION OF SANCTIONS.—The President, subject to subsection (d), shall impose on a foreign person the sanctions under subsection (b) if the President determines that the foreign person, on or after the date of the enactment of this section, has knowingly and materially contributed through shipment of goods or technologies that would be, if they were United States goods or technologies, subject to the jurisdiction of the United States pursuant to this Act, to the efforts to use, develop, produce, stockpile, or otherwise acquire chemical or biological weapons by any country that the President has determined has at any time after January 1, 1980—

"(A) used chemical or biological weapons in violation of international law;

"(B) used lethal chemical or biological weapons against its own nationals;

"(C) made substantial preparations to do the activities described in clause (A) or (B); or

"(D) been designated pursuant to section 6(j) of this Act as a country which supports international terrorism.

"(2) CONSULTATIONS WITH AND ACTIONS BY GOVERNMENT OF JURISDICTION.—The President may delay imposition of sanctions against a foreign person for a period of up to 90 days in order to pursue consultations with the government with primary jurisdiction over that foreign person involved in the activities cited in paragraph (1). Following these consultations, the President shall impose sanctions against the foreign person unless he has determined and certified to the Congress that such government has taken specific and effective actions, including appropriate penalties, to terminate the involvement of the foreign person in such activities.

"(3) REPORT TO CONGRESS.—The President shall report to the Congress, not later than 30 days after making a determination under paragraph (1), on the status of consultations with the appropriate government under paragraph (2), and the basis for any determination under paragraph (2) that such government has taken specific corrective actions.

"(b) SANCTIONS.—The sanctions referred to in subsection (a) shall apply to the foreign person committing the violation, as well as to any parent, affiliate, subsidiary, and successor entity of the foreign person, and are as follows:

"(1) PROCUREMENT SANCTION.—The United States Government shall not procure, or enter into any contract for the procurement of, any goods or services from that foreign person.

"(c) TERMINATION OF SANCTIONS.—A sanction imposed on a foreign person under this section shall apply for a period of at least 24 months and in no case shall cease to apply to that foreign person until the expiration of the 12-month period beginning on the date the President determines and certifies to the Congress that—

"(1) reliable intelligence information indicates that the foreign person has ceased to aid or abet any foreign country in its efforts to acquire chemical or biological weapons capability as described in subsection (a)(1) of this section; and

"(2) in the President's judgment, it would be in the national interest of the United States to procure or contract for the procurement of goods or services from such foreign person or to import goods or services from such foreign person.

"(d) EXCEPTIONS.—The President shall not be required under this section to apply sanctions—

"(1) in the case of procurement of defense articles or defense services—

"(A) under existing contracts or subcontracts, including the exercise of options for production quantities to satisfy United States operational military requirements;

"(B) if the President determines that the person or other entity to which the sanctions would otherwise be applied is a sole source supplier of the defense articles or services, that the defense articles or services are essential, and that alternative sources are not readily or reasonably available; or

"(C) if the President determines that such articles or services are essential to the national security under defense coproduction agreements;

"(2) to products or services provided under contracts entered into before the date on which the President publishes his intention to impose sanctions;

"(3) to—

"(A) spare parts,

"(B) component parts, but not finished products, essential to United States products or production, or

"(C) routine servicing and maintenance of products, to the extent that alternative sources are not readily or reasonably available;

"(4) to information and technology not directly useful for the development, production, or stockpiling of chemical or biological weapons; or

"(5) to medical or other humanitarian items.

"(e) DEFINITION.—For the purposes of this section, the term 'foreign person' means—

"(1) the term 'foreign person' means—

"(A) an individual who is not a citizen of the United States or an alien admitted for permanent residence to the United States; or

"(B) a corporation, partnership, or other entity, including any parent or subsidiary entity thereof, which is created or organized under the laws of a foreign country or which has its principal place of business outside the United States; and

"(2) the terms 'defense article' and 'defense service' have the same meanings as are given to such terms by paragraphs (3) and (4), respectively, of section 47 of the Arms Export Control Act.".

SEC. 426. DEFINITIONS.

For the purposes of this title—

(1) the term "foreign person" means—

(A) an individual who is not a citizen of the United States or an alien admitted for permanent residence to the United States; or

(B) a corporation, partnership, or other entity, including any parent or subsidiary entity thereof, which is created or organized under the laws of a foreign country or which has its principal place of business outside the United States; and

(2) the terms "defense article" and "defense service" have the same meanings as are given to such terms by paragraphs (3) and (4), respectively, of section 47 of the Arms Export Control Act.

Subtitle C—Additional Restrictions on Trade With Cuba

SEC. 431. PROHIBITION ON CERTAIN TRANSACTIONS BETWEEN CERTAIN UNITED STATES FIRMS AND CUBA.

Notwithstanding any other provision of law, no license may be issued for any transaction described in section 515.559 of title 31, Code of Federal Regulations, as in effect on July 1, 1989.

SEC. 432. SOVIET MILITARY AID TO CUBA.

(a)(1) Since totalitarian rule is giving way to democratic rule around the world;

(2) Since the people of Eastern Europe have led the way, embracing Mikhail Gorbachev's policies of Glasnost and Perestroika and replacing totalitarian regimes with elected governments that respect human rights;

(3) Since Fidel Castro's totalitarian rule stands in stark contrast to the democracy sweeping through Eastern Europe, Latin America, and other parts of the world;

(4) Since after thirty years of rule Castro still stubbornly clings to power, publicly attacking the new policies and governments of Eastern Europe, and openly criticizing the policies of Mikhail Gorbachev;

(5) Since despite these attacks the Soviet Union continues to prop up the Castro government, subsidizing the Cuban economy at an annual rate of at least $5,500,000,000, $1,500,000,000 of it in military assistance;

(6) Since Soviet Deputy Prime Minister Leonid Abalkin has publicly stated that commercial ties between the two countries might be expanded and perhaps even substantially increased;

(7) Since the Soviet Union continues to modernize the Cuban armed forces, delivering six new advanced MIG-29 fighters earlier this year;

(8) Since this business as usual support continues at a time when Castro has launched a new wave of repression, arresting human rights activists, underground political leaders, dissidents, university students, and religious leaders;

(9) Since Castro has executed, arrested, and dismissed key members of his military high command, state security ministry, personal body guard, Cuban Communist Party Central Committee, and diplomatic corps during the past year, in an ongoing purge to consolidate control and discourage reform;

(10) Since Castro has arrested and deported international journalists for reporting the growing human rights and pro-democracy movement in Cuba; and

(11) Since Castro has gone so far as to deport Eastern bloc reporters who "compare Cuba to Romania—the calm before the storm," take Soviet publications such as Moscow News out of circulation, and ban Perestroika by Mikhail Gorbachev.

(b) It is the sense of the Congress that—

(1) continuing Soviet support of Cuba remains a serious problem in United States-Soviet relations;

(2) the Soviet Union, in reexamining its relationship with Cuba, should cease military aid to the Castro regime and take all other possible steps to further the policies of Glasnost and Perestroika by adopting policies supporting the political, economic rights, and human rights of the Cuban people.

Subtitle D—General Provisions

SEC. 441. INCURSIONS INTO ISRAEL.

(a) During the next round of talks with the PLO, should such talks occur after the date of enactment of this title, the representative of the United States should obtain from the representative of the PLO a full accounting of the following attempted incursions into Israel which occurred after Yasser Arafat's statement of December 14, 1988:

(1) On August 7, 1989, a rocket attack on the settlement of Maoz Haim by members of the PLO-affiliated Popular Front for the Liberation of Palestine.

(2) On February 4, 1990, an unprovoked ambush by the Popular Front for the Liberation of Palestine-General Command on an Israeli tour bus in Egypt that killed 9 and wounded 15 Israelis.

(3) On September 6, 1989, a rocket attack by the PLO-affiliated Popular Front for the Liberation of Palestine aimed at Kibbutz Tel-Katzir that fell on Kibbutz Sha'ar Hagolan.

(4) On January 26, 1990, an attack on an Israeli Army patrol by at least three terrorists of the PLO-affiliated Democratic Front for the Liberation of Palestine headed for Kibbutz Misgav-Am.

(5) On May 28, 1989, an attack by the Popular Front for the Liberation of Palestine and the Palestine Liberation Front, both PLO-affiliated organizations, in which a one-year-old Israeli was injured by a Katyusha rocket.

(6) On October 7, 1989, an attempted raid on Kibbutz Misgav-Am by a squad of terrorists armed with machine guns and anti-tank missiles from the PLO-aligned Palestine Liberation Front.

(7) On April 13, 1990, an attempted infiltration into northern Israel by boat by four terrorists of Yasser Arafat's Al-Fatah, equipped with machine guns and grenades.

(b) In the event that talks are held with the PLO after the date of enactment of this title, the Secretary of State, shall include in the next report provided to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate under section 804 of the Foreign Relations Authorization Act for Fiscal Years 1990 and 1991 any accounting provided by the representative of the PLO of the incidents described in subsection (a) and the relationship between those groups responsible for these attacks and the PLO: *Provided*, That such report shall also include a list of all individuals participating in discussions held between representatives of the United States and of the Palestine Liberation Organization since January 1, 1989; and, that such report should also include any additional known affiliations of such representatives of the PLO.

(c) No later than 60 days after enactment, the Commissioner of the Customs Service shall provide the President of the Senate and Speaker of the House of Representatives with a report outlining illegal activities being undertaken in the United States by the Palestine Liberation Organization or on behalf of the Palestine Liberation Organization; including such activities as illegal drug trafficking, money laundering, weapons purchases and arms shipments; estimating the amount of funds associated with such activities; and describing the extent to which members of the PLO Executive Committee, the PLO Central Council and the Palestine National Council are aware of, or are involved in such illegal activities.

Mr. SARBANES. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. SARBANES. Mr. President, I ask unanimous consent that the Senate insist on its amendments and request a conference with the House on the disagreeing votes of the two Houses, and that the Chair be authorized to appoint conferees.

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

Mr. SARBANES. Mr. President, I ask unanimous consent that S. 2927 be indefinitely postponed.

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

Mr. SARBANES. Mr. President, I thank my distinguished colleague from Pennsylvania for, as usual, his very effective cooperation on this legislation.

I thank the members of the staffs, whose names I will include in the RECORD, for their help. They have done an outstanding job, and we are most appreciative to them.

I thank the Members of the Senate for their cooperation, enabling us to pass this very important piece of legislation in reasonably short order.

Mr. HEINZ. If the Senator will yield, Mr. President, I simply want to say that I think congratulations to the Senator from Maryland are in order. This is legislation which he has been working on in our committee and here on the floor for a total of some 3 or 4 months, not to mention the hearings we have had over the course of the last 2 years. It is a very fine work product in which he can and should take understandable pride. It has been a pleasure assisting in the management of this bill with him.

I would like to thank my staff, who discovered last night—John Walsh and Bill Reinsch—that we were going to take this legislation up today. They

have done a very fine job. The majority and other staff I commend equally.

Mr. SARBANES. Mr. President, I want to mention the staff by name. I said I would put it in the RECORD, but I want to thank Martin Gruenberg and Patrick Mulloy and John Walsh and Bill Reinsch for really very fine contributions. We are most appreciative to them.

MORNING BUSINESS

Mr. SARBANES. Mr. President, on behalf of the majority leader, I now ask unanimous consent there be a period for morning business, with Senators permitted to speak therein.

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

TERRY ANDERSON

Mr. MOYNIHAN. Mr. President, I rise to inform my colleagues that today marks the 2,007th day that Terry Anderson has been held captive in Beirut.

Today's New York Times reports an interesting development. The da'wa prisoners, those prisoners held in Kuwait for attempted bombings of the American and French Embassies in Kuwait, have apparently been turned over to Iran. Interesting, indeed.

A 1985 issue of the Lebanese newspaper, An-Nahar, reports the primary Islamic Jihad claim:

> When our many efforts to bring about the release of our brethren held in the prisons of Kuwait failed, we were compelled to detain a number of American and French hostages, until the United States * * * and the rulers of Kuwait, accede to our one, straightforward demand: The release of our detained brethren in Kuwait. Let it be known that the release of some of our brethren will be met with a proportionate release of the hostages; the release of all of the hostages held by us depends upon the release of all our brethren.

If, in fact, 15 of these brethren are now in the hands of Iran, an ally of Hezbollah's Islamic Jihad, what justification might they proffer for keeping Terry Anderson and Thomas Sutherland?

I ask unanimous consent that the above mentioned New York Times article be printed in the RECORD.

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

FIFTEEN CONVICTS SENT TO IRAN

BEIRUT, LEBANON, September 12.—Fifteen escaped convicts whose fates are tied to that of Western hostages in Lebanon have been turned over to Iran by Iraqi occupation forces in Kuwait, as another sign of improved relations between Baghdad and Teheran, Shiite Muslims here said today.

The 15, who were convicted of roles in bombings in Kuwait nearly seven years ago, broke out of their prison with other inmates Aug. 2, the day Iraqi troops invaded, said Lebanese who fled Kuwait after the invasion.

A total of 17 men were convicted by Kuwait for their part in bomb attacks in December 1983 against the American and French Embassies and Kuwaiti public buildings and oil installations.

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

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

MOTOR FUEL EFFICIENCY ACT

Mr. BRYAN. Mr. President, just 42 days ago, America basked in an era of inexpensive oil. When Saddam Hussein's tanks crossed the Kuwaiti border, he woke America from her long slumber. No one should any longer entertain any thoughts that our independence on foreign oil is cost free.

For the facts are clear and inescapable: we are more, not less, dependent on Middle East oil than when the Arab oil embargo first hit this country in 1973.

In the year of that embargo, we imported about 37 percent of our oil from abroad. This year we will import 50 percent of the oil that we use domestically from foreign nations. And that trend, Mr. President, is not stabilizing. It is increasing our level of dependency.

This dependence on foreign oil has led to a doubling of the oil coming into the United States from the Persian Gulf since that 1973 embargo.

The cost of that dependence on imported oil, once measured in billions of dollars sent abroad to foreign bank accounts, can now also be measured in the thousands of American lives being placed at daily risk in the Persian Gulf.

For in the final analysis, those young men and women of the Army, Navy, Air Force, and Marines are there in no small part because we are too dependent on imported oil. The harsh truth is that their lives are at risk, not only because Saddam Hussein is a brutal and aggressive dictator, but also because we import too much oil.

Mr. President, we must reduce our dependence on foreign oil, and to do that we must reduce the amount of oil that we use in the transportation sector. The transportation sector alone accounts for more than 60 percent of all of the oil that we use in America.

I would invite my colleagues' attention to a chart that indicates petroleum consumption by category for 1989. The large bar, by far and above more than any other area in our economy, indicates that 63 percent of the total consumed of a little over 17 million barrels per day is in transportation, 24 percent is in industrial, about 8 percent in residential and commercial, and approximately 5 percent in electric utilities. And of the 63 percent that is allocated to the transportation sector, more than half is consumed by automobiles.

Last year, with the support of my friend and colleague, the ranking member of the Consumer Subcommittee in the Commerce Committee, we worked together to develop the Motor Vehicle Fuel Efficiency Act of 1990. Contrary to some reports that have circulated, this was not a response to the Persian Gulf crisis, it is not a knee-jerk response but the result of a very lengthy, thoughtful, and deliberative process in which, before the bill was even drafted, we had hearings, invited representatives of the automobile industry to testify, other interested groups, before we developed that legislation.

In doing so, we carefully listened to the comments of the auto industry. And they told us that they wanted two things to be considered. One, they said, "Unlike the CAFE legislation that was introduced and passed for the first time in 1974 that each year ratcheted up the requirement for fuel economy," they said, "set a series of plateaus, goals that you want us to reach and to give us the time to reach them so that we can incorporate the technology that is necessary to achieve those levels."

For that reason, we established a two-tier system. Under the legislation as drafted, now having passed the Commerce Committee on a 14-to-4 vote, the legislation requires a 20-percent improvement in fuel economy for automobiles by the year 1995. That would take us from present 27½ miles per gallon to a threshold of 34 miles per gallon by that year.

The second threshold is by the year 2001, a 40-percent fuel economy would be required from the base year of 1988 and that would achieve a level of 40 miles per gallon.

This legislation, if enacted, would save an estimated 49 billion gallons of gasoline between 1995, the first year of its effectiveness, and the year 2001. And by the year 2005, after both tiers have been fully implemented, this legislation will save 2.8 million barrels of oil each and every day, permanent savings. That represents approximately 45 percent of all the oil that we are presently using in our automobiles today.

Mr. President, this bill also represents another opportunity for us in dealing with another urgent policy question—increased emissions of carbon dioxide, a primary greenhouse

gas, a contributor, many believe, to the onset of global warming.

The atmospheric concentrations of carbon dioxide are now about 25 percent higher than they were just a century ago. These gases trap infrared radiation at the Earth's surface, leading to warming. This presents as yet an undetermined level of risk to the climate and to the environment.

And I might add, parenthetically, although there is some differences of opinion among the scientific community about global warming, I believe it is fair to say that the great preponderance of evidence supports that theory. But even those scientists who have not yet be persuaded that global warming is occurring all would agree, Mr. President, that we ought to concentrate on reducing the carbon dioxide emissions into the air.

The United States, and the transportation sector in particular, bear a significant portion of the responsibility for these carbon dioxide emissions. The transportation sector alone contributes almost one-third of all the carbon dioxide emissions in this country. Carbon dioxide emissions from the United States transportation sector alone exceed the emissions from all sources—I emphasize "from all sources"—from such regions as Latin America and the Middle East and countries such as Japan.

Increased fuel economy presents significant potential for addressing this issue. It is estimated that the fuel economy improvements achieved by the current law passed by the Congress in 1974 have reduced carbon dioxide emissions by 107 million metric tons or about 7 percent of the total U.S. emissions. S. 1224 would continue that progress and would reduce carbon dioxide by an additional 500 million tons per year when fully implemented.

There is virtually no dispute that improved fuel economy should be a part of our efforts to address global warming. President Bush's science adviser, Dr. Bromley, testified before the Commerce Committee that improved fuel economy is possible and that is a primary interim means of addressing global climate change that must be pursued while research on climate change continues.

The Environmental Protection Agency listed fuel economy as an important, near-term strategy for dealing with global climate change.

As dramatic as the payoff will be for our environment and our economy, the question arises: Can the automobile manufacturers accomplish the goals set forth in this bill?

Representatives from the automobile industry have argued vehemently that they cannot; that to impose these standards would be nothing short of the death knell for the industry and the destruction of the American way of life as we know it. The specter is raised that no American will have a choice of a full six-passenger automobile.

I would remind my colleagues—and particularly those who served as Members of the other body or this Senate—that the identical arguments were raised by the automobile industry in 1974 when the first round of CAFE standards were proposed. The auto industry argued, and I quote:

This proposal—

Referring to the 1974 proposal that was enacted by the Congress—

This proposal would require a Ford product line consisting of either all sub-Pinto-sized vehicles or some mix of vehicles ranging from a sub-subcompact to perhaps a Maverick.

Now in spite of these dire predictions—and there were many others that were made at that time—the automobile industry, to its credit—and I fully acknowledge their resourcefulness and the technology and the design efforts that they have made to achieve these standards—did, in fact, achieve what the law mandated; namely, taking the average vehicle mileage from 14 miles per gallon as it was in 1974 to the mandated 27½ miles per gallon, or nearly double what the standard was in 1974.

So, in my view, the answer is clear. The industry can indeed achieve the standard if it applies itself. The independent evidence supports that conclusion as well. In an independent report prepared by Prof. Marc Ross of the University of Michigan's Department of Physics for the Lawrence Berkley Labs, he went on to state that clearly, using current technologies—and let me emphasize the words "current technologies"—fuel economy could be improved to 40.1 miles per gallon by the year 2001.

Moreover, this report states that significant improvement in fuel economy could be reached using the size and performance of the 1987 fleet. I think that merits an extra word of emphasis, if I may. Because the argument has been made, if this legislation is enacted, a full choice of the size of automobiles will no longer be available to the consumer market.

In drafting this legislation, working with my colleague from the State of Washington, Senator GORTON, we designed it so that no downsizing would be required, based upon the industry average—that is of the models that could be purchased on the showroom floor in 1987.

I think none would contest, Mr. President, in 1987 American shoppers were deprived of a full range of choices in terms of size that they needed for their own personal or family needs.

In short, the auto companies can meet the goals of the bill by providing a complete array of fuel efficient vehicles, and we need to make sure they do build them or we will never come to grips with our mounting dependency on foreign oil.

There has been another objection that has been raised as we process this legislation. You will recall to achieve the standards of 1995 and the year 2001, we have cast that in terms of a percentage: 20 percent by the year 1995, 40 percent by the year 2001. The objections that have come, particularly from the Japanese industry, is that this legislation treats them unfairly, requiring a percentage increase, when they claim that their cars are now considerably more fuel efficient than American cars.

That was once the case, Mr. President, but the facts show a different story. I invite my colleagues' attention, again, to a chart: "Trends in New Car Fuel Efficiency." If one looks at the benchmark year 1983, the top line representing the three big Japanese imports, Toyota, Honda, and Nissan, the bottom line representing the domestic big three, Chrysler, Ford, and GM, in 1983 indeed there was that differential of 9.1 miles per gallon. That is to say that Japanese automobiles sold by the big three harmonically averaged as this legislation requires, did in fact have a 9.1 mile per gallon fuel efficiency advantage over the domestic big three.

But if we extend the chart to 1990 we can see that has declined, so the gap today represents approximately 3 miles per gallon, the differential between the three largest Japanese imports, the Toyotas, Hondas, and Nissans, and the American big three.

In our view, the system that we have chosen, the percentage increase, represents ther fairest system available. Any system that would be chosen will affect different manufacturers somewhat differently because each manufacturer has a different mix. That is, the number of large vehicles, the number of mid-size vehicles, the number of smaller vehicles tends to differ with each manufacturer. So the impact will be somewhat different on each manufacturer. In our view, the percentage approach minimizes as much as is possible the difference in impact among manufacturers.

Let me illustrate, if I may. A 40-mile-per-gallon numerical standard as opposed to the percentage increase—the numerical standard would require the domestic big three manufacturers, Chrysler, Ford, and GM, to improve on average 4 miles per gallon more than their rival Japanese big three companies. By contrast, the percentage approach requires the Japanese big three to improve only 1.7 miles per gallon on average more than the domestic big three.

In the Consumer Subcommittee hearing we heard considerable testimony on the various approaches one

could take to improve our fuel economy standards. The domestic auto manufacturers, the United Auto Workers, environmental and community groups unanimously endorsed the percentage approach. And virtually all witnesses agreed that the present system was unfair, the present system being the numerical standard, and that no other system was suggested during the course of the extensive deliberations of the commerce subcommittee on consumer interests.

We built, Mr. President, a massive military force to intervene in the Persian Gulf. Now, because of Hussein's aggression, we have had to put that force into Saudi Arabia.

This Senator, Mr. President, agrees with the decision by President Bush to forcefully respond to Hussein's aggression. I think he has handled the diplomatic initiative with finesse and with great skill. I think this presentation to the joint session of the Congress earlier this week clearly stated what our goals and objectives in the Middle East are. I agree with the President.

But we would be deceiving ourselves if we did not also understand at the heart of all of this is oil. It does not take a crystal ball to realize that if we do not start conserving now, some future American President may have to consider sending our young men and women back to the deserts of the Middle East again. And that, Mr. President, is the final and best reason to move forward on fuel economy legislation now, so we do not have to send our young men and women back to the desert again.

I yield the floor.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, the invitation from the distinguished Senator from Nevada to join him in sponsoring the Motor Vehicle Fuel Efficiency Act a year or more ago was enthusiastically received by this Senator. The Senator from Nevada and I share a long history. We were attorneys general together. He was a distinguished and activist attorney general of the State of Nevada. So working together on this vitally important bill became very, very easy.

The Consumer Subcommittee of the Senate Commerce Committee has been active in many fields in the course of the last year and a half, and I am delighted to serve as the ranking Republican on that subcommittee, under the chairmanship of the distinguished Senator from Nevada. We were successful, working together, in holding hearings on this proposal and in securing a resounding 14-to-4 vote of the entire Commerce Committee of the U.S. Senate endorsing this bill and recommending its passage in April of this year.

In spite of that resounding vote in favor of this proposal, it did seem, to this Senate at least, the chances of Senate passage were remote. Then came the Iraqi invasion of Kuwait. Now it seems that opposition to this or a similar bill would appear to be extremely shortsighted, to say the least.

It is truly difficult to imagine that we in the Congess could be presented with a proposal which would decrease our dependence on foreign oil, reduce the trade deficit, save money for consumers all across the country, cut the emissions of greenhouse gases, and reduce smog, all in a single bill, and have anything other than an overwhelming show of support for such a bill.

The Bryan-Gorton proposal achieves all of these wise and meritorious goals. Of all of the activities of the Consumer Subcommittee in the course of the last year and a half, it is clearly the most important. If there is one overriding lesson which should be learned from the tragic invasion of Kuwait, it is that the United States of America is far too dependent upon oil secured in unstable regions of the world such as Kuwait.

During the Arab oil embargo of 1973, we imported a little bit more than one-third, 36 percent, of our oil. Last summer, oil imports were more than 50 percent of the supply we used in the United States. Transportation, taken as a whole, accounts for 60 percent of all of the oil consumed by Americans.

The first CAFE bill was enacted in 1975. At that time, automobiles averaged only 13.5 miles per gallon. Despite the auto industry's claim that the standards in the 1975 legislation could not be met, by 1985, manufacturers reached the goal set forth in the act of 27.5 miles per gallon.

The CAFE bill is probably the most efficient energy-saving measure ever enacted by this Congress. CAFE standards have not increased, however, during the last 5 years, and were actually rolled back slightly for a few years in the mid-1980's. Fuel efficiency for all models sold in the United States peaked at 28.7 miles per gallon in 1988. The average for all 1990 models has dropped to only 28.2 miles per gallon. Deep concerns with energy security and global warming require a reversal of that trend.

Both the Senator from Nevada and I remarked during the course of hearings on this bill that in one sense, hearing from the opposition was unnecessary. We simply could have taken the testimony they gave early in the 1970's and reproduced it because it was, for all practical purposes, identical. The arguments which will be made during the course of this debate will be so similar to those made almost two decades ago as to be remarkable.

What they opposed and what was necessary for this country in the early 1970's, they still oppose and is equally necessary for the United States of America in the 1990's. Had we listened to their counsel then, it is difficult even to imagine the depth of the problem and the challenge with which we would be faced today.

The bill which the distinguished Senator from Nevada and I have sponsored requires each manufacturer to increase its fuel performance by 20 percent over the 1988 model year by the year 1995. Then by the year 2001, manufacturers are mandated to achieve a 40-percent increase over those 1988 levels. This measure also brings light trucks, today's fastest selling vehicles, under the new requirments.

Increases of 20 and 40 percent would bring the average car fleet to 34.4 miles per gallon in 1995, and to 40.2 miles per gallon by the year 2001.

The standards set by this bill would save 2.4 million barrels of oil a day by the year 2005. In just 10 years, it would save more than 49 billion gallons of gas.

Equally, if not more important, to the impact our bill would have in decreasing oil consumption, is the effect it would have on the environment. Carbon dioxide, or CO_2, is the most serious global warming gas, responsible for 49 percent of the greenhouse effect. For every gallon of gas we burn, according to the Sierra Club, cars pump 19 pounds of CO_2 into the atmosphere. Over its lifetime, a car averaging 18 miles per gallon pumps 58 tons of CO_2 into the environment; while, on the other hand, a 40-mile-per-gallon car emits less than half that amount, about 26 tons.

Of all the steps Congress can take to curb CO_2 emissions, this bill is likely to be the most important. More than half of America's Nobel laureates and 700 members of the National Academy of Sciences recently called global warming "the most serious environmental threat of the 21st century."

Our bill would also lessen the chances of an environmentally devastating oilspill. When fully implemented, the Bryan-Gorton bill will eliminate more than 850 trips per year by supertankers the size of the *Exxon Valdez.*

Consumers themselves favor higher fuel economy. They understand that they will save every time they fill their gas tank. Last November, the research/strategy/management firm, headed by Vince Breglio, chief pollster for the Bush-Quayle campaign, conducted a poll on this issue. Voters were asked: "Would you favor or oppose an increase in Federal fuel economy standards for auto companies requiring that cars on average get 45 miles to a gallon by the year 2000?"

The poll found that 51 percent of respondents strongly favored a 45-mile-per-gallon standard, and 27 percent

somewhat favored it. When asked if they would pay $500 more for such a car on the assumption that their money would be recovered in 4 years, 83 percent of those questioned said that they would pay more.

Mr. President, consumers favor this bill because it makes good economic, environmental, and political sense. Americans do not want to continue to be dependent on foreign sources for half our oil. We must be independent of the whims of Saddam Hussein and those who could follow him. In addition, we owe it to our children to use our natural resources wisely and in a manner that causes the least harm to our environment.

I urge my colleagues to put America's future on a more responsible path and approve this bill.

Mr. RIEGLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. RIEGLE. Thank you, Mr. President. Let me say at the outset, my colleagues who have just spoken know I have great regard for them personally, and my colleague and friend from the Senate Banking Committee, the Senator from Nevada and I have talked about this a number of times.

While we are on different sides of this issue, we are disagreeing in an agreeable fashion because of the nature of our respect for one another and the fact that we just happen to hold quite different points of view on this issue.

In a sense, it is a great illustration of the American system of debate, in a clash of ideas in a democratic forum, that one could hear certain arguments, that if you did not hear anything else would sound quite plausible and quite sensible. But they are only a small part of the story and, in fact, are not plausible and are not sensible, although they sounded that way.

I would like to take some time now to explain the rest of this story and to put the rest of the facts on the record so that people are in a position to make a balanced judgment, both Senators who will be voting on the cloture motion tomorrow, and also citizens across the country, because this is a very important issue. It affects everybody out there in a very direct way.

Most people in this country are car buyers, at one time or another. They are consumers of cars and all of the different items that attach to cars and car performance, car safety, and so forth and, of course, importantly, car cost. This is a debate that is a debate for Senators now in preparation for this vote, but it is also a very important, I think, public debate that needs to go on. So I would like to present some of the rest of the issues here that I think have been left out.

One of the things that every person should know and that every Senator should consider is the fact that the Federal Government now is involved in three different areas with respect to standards that are established and created for the automobile industry in the way we design and make cars in the United States.

One area, of course, has to do with fuel efficiency. That is what we are talking about now, trying to get the best possible fuel efficiency that we can from our automobiles.

But there are two other equally important goals. A second very important goal that we have as a matter of Federal law has to do with the emissions that come from the cars, from the engines of the cars, as we run them and as we burn the fuels in the car, the emissions that are necessarily produced and go into the atmosphere. So we have very precise and stringent laws in that area, as well. I will come back to that in a moment.

Then we have a third area that we are also concerned about, and that has to do with automobile safety because lots and lots of people, unfortunately, are killed in automobile accidents. We wish that were not so, and we have tried to, through the use of Federal standards, help develop car safety requirements in the design and manufacture of cars to try to protect people better, so that when automobile accidents and collisions occur, people have a better chance of surviving and coming out of those accidents.

So we have three side-by-side goals: We have the safety goal, in terms of protecting the occupant of a car in an accident; we have the mileage and fuel efficiency goal; and we have the emissions goal in terms of wanting to reduce the emissions and have cleaner air.

It turns out that to try to achieve each one of these goals, any single one of them affects the other two. They are interconnected. I will just provide an illustration.

If you want a very safe car that can withstand a head-on collision or a side collision on a road, an intersection, or what have you, the bigger the car is and the more strongly built it is and the heavier it is, the more protection it gives you.

So if you are in that car or if you are in there with your family and you have a child in that car and you have a heavier, stronger car in a collision, your chances are much better of surviving that collision without being killed or badly injured.

That is not guesswork. We have all kinds of insurance data and accident performance data that shows that there is a direct relationship in that area. It is very important because we all ride in cars and accidents do happen, some that we may cause, very often caused by the other driver, and we want to have safe cars in which we have a chance to survive.

That is a very key issue. If you want a stronger, heavier car that is larger and can withstand the impact of a collision and give you a better chance to survive, because it weighs more, it gets fewer miles to the gallon because we know a lighter car and a smaller car does not need as much gas, so you can take a lighter and smaller car down the road a greater number of miles on the same gallon of gas, but you have a car that is not as safe. And again the safety statistics bear that out very directly. So there is a tradeoff. We have to decide in our mind how safe a car do you want versus how fuel efficient a car do you want.

If that were all there was, it would be sort of a two-dimensional problem, but there is, as I said before, a third dimension that is to be taken into account and that is that we are now very concerned about the emissions that come out of cars as they are operated, as we burn these fossil fuels and the emissions go into the atmosphere. While that happens with any kind of a fuel that is used in a home furnace or any other place or in a utility plant or what have you, it happens with cars and we are concerned about that so we have established standards in that area. It turns out that if you want to reduce the auto emissions coming out of the tailpipe of a car, one way to do it is to design the engine and tune the engine in such a way that you do not get very good mileage with that car, you do not get as many miles per gallon because you do not go as fast and you do various other things, but you have the effect of reducing the emissions.

So there is a tradeoff between the fuel emissions coming out of a car and the number of miles per gallon that you get. So you have right there a three-dimensional problem to have to try to balance.

There is a fourth factor that in a sense is the sum of all of those, and that is all of us who buy cars have to pay for cars. So what do cars cost? Well, they cost a lot of money, just like houses cost a lot of money, and that is the nature also of the degree to which we build into the cars technology or sophistication or items that in effect have to be paid for. They are value added, and they have a cost factor to them, and they have the effect of boosting the price of the car.

I suppose it probably would be so—I do not know this for a fact—if someone could design a car they could sell for, say, $200,000 a unit so that the car would have $200,000 worth of exotic things with very fine adjustments in the motor that would get your mileage to be a little bit better and your emissions to be a little bit better and at the same time give you a little bit more of a safety factor, and so forth, you could probably, if cost were not a consider-

ation, build in these extra things. But these small margins of improvement, tend to be very expensive.

Back in the old days, before Donald Trump ran into these refinancing problems, if there were a car like that available for him and he wanted it, and it was $200,000, he would probably go right out and buy it. Most people cannot do that. Most people have to pay attention to the price of the car; they have to balance the price against these other factors that go into the design and makeup of a given automobile.

Obviously, style is important and other things, whether it is four-door or two-door, whether it is a larger car that can accommodate a family rather than a two-seater that a single person would be interested in, and so forth. So there are other factors as well.

I remember one day I invited the Federal regulators before the Banking Committee—this was several years ago—who regulate these elements of Federal law that apply to automobile design because I wanted to hear what they all were doing. I wanted to hear the Federal safety regulators, the car safety regulators, I wanted to hear the Federal fuel emission regulators, and I wanted to hear those Federal regulators that were dealing with mileage requirements. So they all trooped into the committee room and they brought their aides and staff people, and so forth and so on, and they came down to the witness table. They were all sitting there, and maybe I should not have been amazed, but I was amazed and I was surprised and distressed. These three sets of regulators met each other for the first time at the witness table in the Senate Banking Committee room.

You say to yourself, how can that be? The decisions that one group of regulators would make in one area were directly connected to the performance and the impact in the other two areas. And yet we were finding that rather than having a connected set of decisions and an intelligent set of tradeoffs that would give us a combination of benefits that would relate to good overall design and good cost factors, and so forth, they were off in three separate directions and not connecting these things.

Frankly, I have not heard those things connected today in the debate that has already taken place by the advocates of this amendment, because they are disconnecting these items; they are not connecting them. They are not connecting the fact that to get more of one you have to take less of the other. I wish it were not that way. I wish we could just wave a wand. We try to wave wands around here some of the time and say we want such and such. We say let us write a law and say we want such and such. It is not that simple. If we want more of one of these items I have been describing, we have to take less of one or both of the other two. That is just a hard fact of life.

Now, if you want to have a car that gets very good mileage, there are such cars right now. We do not have to invent one that comes on line in 1995. They are in showrooms for sale all around this area and all across the country and all around the world. There are cars available today that get over 50 miles to the gallon. Not very many people buy them. Why do they not buy them? The price is actually quite low. They do not buy them because they want other things in addition to getting high mileage per gallon from that car. They do not want a little tiny car. They do not want a car that is not very safe. They do not want a car in which they cannot put their family because there is not enough room.

I was thinking about it the other day. I was looking down in the Senate garage to see how many people in the Senate garage, for example, Members or staff, are driving the cars that get 50 or 55 miles to the gallon, which they could be buying. I did not see any. Do you know why? Because no one buys them. Is it because they are not for sale? No. They are for sale. They are not there because people are not buying them and they are not buying them for a reason. That is, mileage per se is just one goal that people are interested in, and these other goals, in fact, are very important and even more important in terms of decisions that people are making with respect to the cars they buy.

So they are buying bigger cars. They are buying bigger cars because they are safer, because they are more comfortable, and because lots of people have families of maybe three, four, or five people and they want to be able to get their whole family in one car. If you have a little tiny car and you have a family size where you cannot get them all in, then you have to buy two tiny cars, so you have two tiny cars rolling down the road, which really does not make a lot of sense and obviously undercuts the notion of the efficiency with that kind of concept. So about 3 percent of the car sales in this country today are being made in the class size, in the size of cars that, say, get 40 miles to the gallon.

So it is not a question of having to invent those kinds of cars. Those are out there today. The problem is people do not want them and they do not want them for other reasons, but those other reasons are very important.

The point is made if you go back to 1974, in terms of just the difficulty, the extraordinary difficulty, and the premium costs associated with trying to meet this enormous jump in goals, in miles per gallon that have been talked about here in this bill, back in 1974 the industry said it would be very difficult to do. They did not think they could do it.

Lo and behold, over the period of time since then through the late 1980's they have managed to get it done. If they have done it once, why can they not do it a second time? That would sound reasonable on its face if we were starting from where we were in 1974.

But we are not starting from where we were in 1974. Here is the big difference. I ask you to think about it. The cars that were being built in 1974 were on average 1,000 to 1,500 pounds heavier than the cars being built today. They were heavier. There were more pounds in those cars. As a result, because they were heavier and they were heavier going down the road, there was more wind resistance and they got lower mileage.

Back in those days our preference and habits growing up were to have big heavy cars. Most people wanted them. Most people bought them.

Then the fuel shock came along, and prices went up. People started thinking about it; started weighing the tradeoffs. We made a real push and drive in this country to try to take as much weight out of those cars as we could and still preserve the other key factors.

In other words, we tried to get the weight down, but to still keep the cars strong enough and heavy enough in certain areas with side panels, things of that kind, so if there was an accident you had a decent chance of coming out alive; or that your kids, if they were in the car, had a decent chance to come out alive.

So we took 1,000 to 1,500 pounds on average out of the cars over the 15 years since. We have increased the mileage over that period of time by 100 percent. We have gone from a fleet average of about 14 miles per gallon back in 1974 up to about 28 miles a gallon. That has been a real improvement and a real gain. We were able to take that 1,000 to 1,500 pounds out of the car.

We have been able to apply a lot of sophisticated engineering, redesign, and so forth to try to achieve the third goal; that is, at the same time cut down on the amount of auto emissions coming out of the engine because, as I have said before, there is a relationship between those two things.

If you do not care about what comes out of the tailpipe, you can adjust the engine to get very high mileage. But then you pour more exhaust out of the tailpipe.

If you want to reduce what is coming out of the tailpipe, in a very so sophisticated way, you have to make adjustments in the engine that affect your fuel economy. So there is a tradeoff.

So we have to be able to think in terms of a combination of these three things together. That is just common sense. But you have to understand at least that much with it to see why it is that you cannot just put aside two of the goals, and say I am just going to reach for one of the three goals because I am the person who wants higher mileage more than anybody else. I am going to reach for that goal. I am going to sort of put these other two aside.

You cannot put the other two aside. As a practical matter you cannot do it. It is not common sense. The market itself is telling you today, I think, in terms of its buyer preferences, that is not where it wants to go. That is not where it is going.

Let me give you another example. This will be surprising to people. Gasoline in the United States has been relatively inexpensive when you compare it to what gasoline sells for in other places around the world. I want to give you the precise numbers here. Let me find them. Listen to this. Gas prices today in Europe and Japan are 2 or 3 times higher than they are here. They are plenty high here. They have just gone up because of all of the price gouging because of the Middle East situation. In those countries gas sells for $3 or $4 a gallon. It has been that way for a long time.

What do you suppose that means to the manufacturer of cars selling cars in Japan and Europe? With the cost of gasoline as high as it is, there has been a tremendous market incentive for the manufacturers to try to produce a car that meets all of the buyers' requirements, including the best possible mileage. Because gasoline is $4 a gallon, if you can get better mileage out of a car, you can save, additional miles per gallon for that consumer.

So there is a tremendous built-in market incentive for the smartest engineers, the smartest car builders, the smartest manufacturers, in Germany, Italy, Japan, the United States to build the most fuel-efficient car they possibly can and sell it in Japan and sell it in Europe.

So you would assume if there was a magic technology out there with that kind of big financial reward out there for the company, they could find it, it would have been found by now, it would be in place by now, and you would be seeing cars produced for those markets with very high mile per gallon performance.

But you know what you find when you look? That is not what you find. The miles per gallon performance is very modestly higher in those countries, not enough really worth talking about. But, certainly nothing in the range of what is being talked about here by an amendment that basically says look, let us wave the wand, we want this particular goal, let us set it out there, then one way or another we will get there. If that were the case, we would be there now because there are enormous financial incentives and rewards out there today in the marketplace in those foreign settings where gas is so expensive. It has not worked that way.

I know my friends that are offering this amendment do not like to hear those arguments because those are practical arguments. They undercut the foundation of the economics of the position that they are representing. But that just is the fact of the matter.

Let me continue here. How much more weight can we take out of the cars? We have taken out about 1,000 to 1,500 pounds. I think if we really put the best minds of this country to work over a period of time we can probably take out some additional weight, although it is getting very tough, not the same as it was back in 1974. Taking every additional half pound or pound out now gets complicated. It gets complicated in part because we want a more sophisticated engine that weighs more, that gets better mileage and produces fewer emissions. That adds to the weight of the car.

We do not want to weaken the side panels of the car, because if you weaken the side panels, unless you have found some new materials or something that can be put in there that have the same strength as structural steel or something of that kind, then you give away something on the safety side. We do not want to do that either.

So these are the tradeoffs that have to be considered here in terms of safety and related to size, as well as the fuel efficiency and the emissions all at the same time.

Here is what our friends are saying here with this amendment. They are saying, look, we have an energy crisis. That is true. We have had an energy crisis for a long time. We should have been paying attention to it. We have not. The invasion of Kuwait, deployment of American forces in Saudi Arabia, that is back up on the radar screen. Now everyone is properly recognizing that we need a comprehensive national energy strategy.

The answer to that is yes, we do. We need it. It is urgent. We ought to get to work on it. But you do not do it in a piecemeal fashion. You do not come in here with an amendment that gets thrown on the table that says let us grab a CAFE amendment. It will not save any gas until 1995. But, it will start saving gas in 1995, and we have a problem today. So let us reach for this sort of quick solution. It is not a solution. But we need one.

We need, I think, probably in the spring of next year, because we are not going to stop right now—perhaps we should, but we will not—to convene an overall effort to try to develop a comprehensive national energy strategy. But when we do that, we are going to have to look at all uses of energy, all types of energy. We will have to look at all matters of energy conservation. Everything is going to have to be on the table.

I said to the automobile companies—they fully understand, CAFE is going to have to be on the table—everything will have to be on the table at that time when we take a look at where we can squeeze something out on the margin with respect to fuel savings or fuel efficiency. Cars will be part of it. But so will every kind of use of fuel in our entire society across the board. Because if you are going to really tackle the problem, you have to tackle all of it, not just a piece of it.

So to give you an example the other way, if somebody wants to save energy today—this will be an amendment, by the way, that we will vote on, if we get past the cloture vote tomorrow. I hope we do not. One of the amendments we will vote on is reinstituting the 55-mile-an-hour speed limit because that will save energy not in 1995. That will save energy right now. If we want to cut down on the amount of gasoline being used, particularly in the parts of the country where distances are longer, that people travel out in the West and other parts of the country, we can put the 55-mile-an-hour speed limit back on.

We can put the 55-mile-an-hour speed limit back on, or 50 miles per hour or pick a number. We will slow people down and burn a lot less gas, and we will save energy right now, today, not in a year, not 5 years, but now. There are lots of ways to save energy. We will have a chance to vote on some of these, if we are going to get into the issue of singling out just one approach that is only going to give us the yield out in the middle of the decade. So, if the bill does not make any sense in that respect either.

Let me just tell you what the effect would be of the Bryan bill, if in fact it were to take effect exactly as written and start to have just the yield with respect to the targets and mileage efficiency set out for 5 or 6 years from now. Bear in mind that the standards would only affect new cars, and by that time in 1995, there would be 180 million cars on the road that will not be new cars. So the only saving that we would begin to get at that time would be from the cars that were added to the existing fleet of 180 million cars in that year.

Sponsors of the amendment will not tell you that, because they would like you to listen and get the idea there will be much more fuel conservation, we will save all this energy. Not the case. You are going to have the exist-

ing fleet running out into the next century before this amendment, in terms of concrete saving designed to be achieved here, would actually begin to yield its modest fuel savings. But make no mistake about the cost of it. If you think it is cheap to do this, then you really are kidding yourselves.

The automobile industry today, and in fact a large part of our economy, is not in great shape. You only have to read the financial section of any newspaper in the country a day or two a week, and you will appreciate the fact that the country right now has some serious economic problems. We have a low savings rate, and we are having a difficult time with capital investment, and we are lagging behind other countries in productivity, development and growth, because we do not have the capital we need. We have huge deficits that have built up over a period of time.

This amendment will require the automobile industry to basically, if it were passed, tear up the plans that it has already made and already invested billions of dollars in car design for the next 2, 3, 4, 5, 6, 7 years, because it takes that long. You have to get all these things in stream, if you are going to do that in a product line type such as this.

They would have to scrap all those plans and start over again, but they could not even do that, because we do not even have the blueprint on the clean air amendment, which is still up in the air in the Senate and House conference committee, having to do with the emission requirements.

Again, one of the three things that has to be kept in balance is, how much would it cost to do this, how many tens of billions of dollars? Some multiple tens of millions of dollars. Where is the money going to come from? Does the amendment provide the money? Does the amendment say, look, as a matter of national policy we are going to mandate this kind of investment and change. We do not know what the technology is. We do not have the answers. We want you to invent it.

Is the amendment saying we want you to invent it as a matter of national policy, and here is the money to do it? No. It is not providing 5 cents for that. It is much simpler than that. It says, no, I am not going to give you a nickle to go do this, and you may not have the money. I am going to tell you to do it anyway, and you figure out how to get the money.

Well, it seems to me that having lived through the 1980's and the massive pileup of debt and the difficulty we have with high interest rates, and to little capital, and huge foreign debt, and everything else, it is unrealistic to waltz in here and to say, look, here is a great idea, it may cost $25 billion to get it done over the next 7 or 8 or years, but we think it is worthwhile. No, we are not prepared to give you any money for it, but we would like you to get started on it.

I mean, how many of those kinds of things can we impose upon ourselves as a Nation and continue to excel and have a good living standard, rather than continuing to fall behind the Japanese and Germans and other countries, which we clearly have been doing, and all of the data shows that?

Part of the problem is that we come up with these great ideas, and we mandate these great things—Government does very often—and the burdens and the costs and difficulties of getting it done in a practical way do a real harm. If we had an infinite amount of money and had engineers coming out of our ears and did not have anything else to do, then maybe sombody would say that it is a challenge, and let us do it because it is a challenge, and we have plenty of money to spend, and what difference does it make? Well, that is "Alice in Wonderland." That is not the real world.

That is what we have to understand here, that we have to make this thing fit with respect to what the real world situation is that is facing us. We have an industry that is in difficulty. We have an enormous foreign penetration, and if you start loading on additional capital costs in light of all of the other requirements out there, we are going to end up hurting this country, not helping it. We are going to cost ourselves tens of thousands of jobs, and I am talking about good jobs. I am talking about jobs that carry health insurance with them, and retirement benefits and other things, things we all want, things we want for our children, the kinds of jobs that are disappearing in this country.

The kinds of jobs that are growing are jobs without health insurance, generally at the minimum wage, oftentimes without any retirement benefits. I mean, that is the tilt of our society and our economy. It is the wrong tilt. It is a real problem, and we need to change it.

The middle class is being ground down. We see it by the data that is out there. So we need to preserve the industries and the high value added work in this country that really provides so much of the middle class living standard and keeps us the kind of reasonably balanced society that we are, not just a society that is split between the super rich and everybody else sliding backward down into a very modest income circumstance.

So you cannot just hammer and pound your key industries. I mean, you can do it and sort of look the other way and say, they can do it, and so forth and so on, but that is not a fair and practical analysis in terms of what we are facing. We are facing something much tougher than that. Anybody who does not understand it, I think has not really looked at the data that is there to be seen.

There are some analyses that have been done on this. Let me give a couple of pieces of that. The Secretary of Energy has taken a look at this problem, and he sent a letter dated the 15th of June of this year. This is what the Secretary of Energy says; presumably, he knows a little something about energy and ought to have an interest in trying to preserve energy. He said,

> The Department's analysis indicates that the CAFE requirements that this bill would place on U.S. manufacturers could not be achieved without significant changes to the size, mix, and performance of their vehicles. These changes would cause significant economic losses to domestic manufacturers. Consumers would be unable to purchase the vehicles that meet their requirements and could face increased risks of injuries.

That is the Secretary of Energy. I mentioned before that there is only one car in the United States that is made in this country now that meets the 40-mile-per-gallon standard. That is the Geo Metro. It is a very small car and does not have air-conditioning. A lot of people today like air-conditioning in their cars. You can argue that it is not a necessity. Most of the cars down in the garage here have it. A lot of poeple want air-conditioning. The Geo does not have it. It is just one of the things, and you can say, well, people will have to learn to live without that. Well, you can make that decision when you go down and buy your own car. I do not know that you ought to try to make the decision for everybody else.

For those cars in that class—and there are several others that are important and I can list the names here, but I will not—they account for 2.7 percent of sales in the United States. They get terrific mileage. They are inexpensive cars, if that is your preference, and 2.7 percent of the people are buying them.

So what does that tell you about the other 97.3 percent of the people? They are not buying them. They are not buying them. They are buying something else. They are buying something that accommodates their family. They are buying something that has more room and weight in terms of safety factors or other things.

I just have a few more things to say. But this is important. So I take the time to say these things before because it is very easy to do something around here and think it is great without thinking deeply and wake up 2 or 3 years later and see it is not great, and that would be the case if this legislation should pass.

Let me tell you what the Insurance Institute for Auto Safety has had to say because they have just done a huge study on auto safety in the coun-

try. By the way, this group is no friend of the automobile industry of the United States in terms of their long history. But they just issued a report detailing the relationship between car size and safety. And this is what they said—this is the Insurance Institute for Auto Safety—I am quoting them:

> Overall, the death rate in the smallest car on the road is more than double the rate in the largest car. A relationship exists between death rates and fuel use even if it is not a precise one. On average, every 1 mile per gallon improvement in fuel economy translates into a 3.9 percent increase in death rate.

I am quoting them. These are not my words. They are their words.

What are they telling us? They examined all the crash data and are saying to us, look, you can keep squeezing the cars down to make them smaller if you want and if your only consideration is fuel economy. Squeeze them down, and so forth. Do not fool yourself about what the loss rate is going to be, the deaths, serious injuries and accidents or, for that matter, what the insurance rates are going to be.

What are insurance rates going to be on a car which has much higher fatality rates? Think about it. It does not take a lot of thought to figure out what is going to happen there. The Insurance Institute study found that down sizing, and that is reducing the size of the car to meet these other objectives, has increased the death rate on certain models of cars in their study by 23 percent since the 1970's.

So, yes, we have gotten fuel economy, but we paid a price for it. We paid a price in safety. The question is how far do we want to go that way? There are Harvard University and Brookings Institution researchers who projected there will be—and this is their number, they have a whole model they built this out to come up with this number—17,800 more deaths in model year 1989 as a result of the down sizing that has already occurred.

So we are already having that higher fatality rate because we are having cars that are smaller and lighter and less resistant in accidents and people are paying a price for it in terms of serious injury and death in automobile collisions, and they happen. You wonder how they happen. How can there be so many accidents? I have seen accidents happen as you go out on an absolutely clear road, no rain, good visibility, so forth, so on, terrible collision, five or six people killed in that accident, and so forth. These things happen. But you give yourself a chance and kids a chance to survive these things if you have a car with enough strength and enough weight to be able to take the impact of the kind of collisions that do happen. It is a tragic fact and has to be paid attention to.

So I will just finish by saying this: I am prepared to work with the sponsors of this amendment and anybody else who wants a comprehensive national energy policy because I want one too. We are all after the same thing. But in constructing a national energy policy we cannot just do it with a random set of bits and pieces. You cannot just grab a CAFE standard here and say this is the answer. Stick this on. That is silly and that will not work. It has all the other defects and I think damaging characteristics that I have described here.

But we do need a policy. We need to look at the whole range of options in terms of how we get more energy efficiency, more conservation, alternative fuel use development, and things of that kind, so we have a sensible overall plan. That means we have to put everything on the table, including, by the way, this issue. This issue has to be on the table, just like all the rest. But that is not what we have today.

What I see happening here is the advocates of this amendment are saying, no, do not put anything else on the table. We are not putting anything else on the table here. We just want to put this one item on the table. Let us put that item on the table, and let us go ahead and deal with this problem, with this one item. That is not sensible, and it is not fair, and it is not good for the country, and it does not solve our problem. So that is why we should not do it.

As I say, if we are going to have a full-blown energy debate around here, if cloture is invoked tomorrow—and I hope it is not—we are going to have a full-blown energy debate while we have a chance to vote on a lot of these things. You want to save energy tomorrow. Let us cut down on the speed limit on the interstates. Let us go back to 55. Let us go down to 50, 45. We can cut down on the miles per hour. I am not sure people are going to want to do it out in Arizona, Colorado, Nevada, Michigan, or any other place, but if that is important to save energy, let us not wait until 1995 to do it with this kind of scheme. Let us start right now.

We will have a chance to vote on those things, and I would hope the Senate would decide to put this issue aside tomorrow. This is not the time for it. This is not the context in which to take it up and it is not a way for us to get an intelligent, competitive energy strategy in place.

I yield the floor.

The PRESIDING OFFICER (Mr. KERREY). The Senator from Colorado.

Mr. WIRTH. Mr. President, I would like to take a moment to support the legislation offered by the distinguished Senator from Nevada and the distinguished Senator from Washington, and to address some of the environmental issues involved and to take a few minutes to answer the sort of family sized, M-1 tank argument raised by the distinguished Senator from Michigan.

First of all, I would like to attempt to dispel the myth that somehow we are picking on one industry or one approach. The distinguished Senator from Nevada has attempted to bring up the CAFE standard legislation for months and months. The distinguished Senator from Pennsylvania [Mr. HEINZ] and I have had a similar piece of legislation which we have wanted to bring up for months and months and months, and have agreed, particularly the Senator from Nevada has agreed to defer, not to put it on various other pieces of legislation with the promise and agreement of everybody that it would come up separately at the appropriate time.

Now I cannot imagine a more appropriate time to bring it up than right now after the Iraqi forces moved into Kuwait. We have 100,000 troops there for one reason: oil. Let us put aside the argument that somehow we are picking on one industry and this is not appropriate.

Moving to energy policy and the overall policy framework of this bill, I think it is again important for us all to understand what it is that we are looking at in dealing with this legislation. Two nights ago, the President gave what I thought was a very good speech to a joint session of the Congress and to the country on why we are in Saudi Arabia, what commitment we have made; he evoked a great deal of national resolve, talked very appropriately about the budget crisis that we have. I agree we have a very severe budget crisis and I hope that with the discussions out at Andrews Air Force Base, if we get agreement out of that, we can really make a dent in this enormous deficit and maybe most important of all the President that night spoke of energy policy. Having had this on the back burner for a decade, this administration and the previous one not wanting to discuss or feeling it was important to discuss energy policy, we need to refocus on the fact that the Straits of Hormuz are just as narrow today as they were a decade ago or 20 years ago. Energy policy has been sorely neglected. It is time again for us to get serious. The President kind of laid that out on Tuesday night and said we are going to be serious.

The issue in the Middle East is oil, despite the fact that the President laid out four different reasons as to why we are in Saudi Arabia, why we are there. He laid out four goals: One, to get the Iraqis out of Kuwait; second, to restore the legitimate government in Kuwait; third, to bring stability to the region; and fourth, to safeguard American lives. Those are the President's four goals.

I would suggest that had this conflict occurred say in central Africa, had one country invaded another country, we would not have 100,000 troops there to get the invading country out, to restore the government of the country that had been invaded, to provide stability to the region, and to safeguard American lives, we would not do that if this were going on in central Africa. The reasons we are doing this is because of oil. There is no question about it. We are there because of oil. That is the essential reason. The variable is oil, and this is a major variable related to our national security.

Now, as we all know, we are not as dependent on Middle Eastern oil as are a great number of other countries. And there is a good deal of hostility here about the fact that our allies in Europe and our allies in Japan have been very forthcoming about their assistance in this program.

The Germans have told us they might send a couple of minesweepers to the eastern Mediterranean, absolutely extraordinary to my constituents, who are saying we have 100,000 plus troops and the Germans, who are much more dependent than we are, are sending a couple of minesweepers.

The Japanese have said they may support a billion dollars of this effort. Secretary Brady told us that it may cost the United States $15 billion. They are 60 percent dependent, the Japanese, on the oil that is there; we are 12 percent dependent at most. We are paying $15 billion at least and they are paying $1 billion. It is a little bit difficult for me to quite understand those proportions. I think it is time for us to be looking at a United Way program that those who benefit from this and those who have the most at stake pay a little greater share.

I was heartened, Mr. President, to see the Saudis say they are going to help us defray the cost. But then this morning, Henson Moore, the Deputy Secretary of Energy, was in front of the Energy Committee and we talked a little bit about this.

What have the Saudis gained in the last month? It is an interesting phenomena to talk about the variables of oil in all of this. The price of oil has gone up about $10 a barrel in the last month. You say, well, who benefits? How many barrels of oil do the Saudis produce every day? How many are lifted in Saudi Arabia.

I checked the numbers this morning with the Department of Energy. The Saudis are producing 5.2 million barrels of oil a day. The price of oil has gone up $10 a barrel since July. That means the Saudis now have a $50 million more revenue a day coming in. They lift 5 million barrels of oil a day, at $10 a barrel more, so they are making $50 million more per day. There are 365 days a year. That oil is lifted every day. You multiply that $50 million a day times 365 days, and the Saudis this year have a windfall of about $20 billion; $20 billion, so far, if you just extrapolate out a $10 a barrel.

The Saudis have said they are going to help us defray the costs. The Saudis are making $20 billion. They are helping us defray part of the cost of being there. They still have an enormous windfall.

I do not say this to knock the Saudis. I am appreciative of their assistance, but I think we also have to understand that while they are helping us, that help comes out of this huge windfall. And even if they were to pay for the whole U.S. effort over there of $15 billion, they would still have $5 billion left.

So the dollars involved in this, Mr. President, are enormous. The dollars are enormous. The issue is huge. And that is why the Bryan amendment is so extraordinarly important.

Where are we in the United States? I said earlier that we are really not as dependent on Middle Eastern oil as other countries. But we are very dependent upon imported oil. A couple of months ago, for the first time in our Nation's history, we became more than 50 percent dependent upon imported oil. Our dependence on imported oil as now greater than it was during the height of the oil crisis in the mid-1970's, greater than it has been at any time in our Nation's history.

At the height of the oil crisis, we imported 6 million barrels of oil a day. Today we are importing 8 million barrels of oil a day. Our dependence on foreign oil is growing with each passing month. And certainly the crisis in the Middle East is outlining to us not only our dependence in that area, the vulnerability of the world in that particular area, but our economic dependence overall in oil. That is why we are there.

We have in this day and age a major national security problem related to oil. That is the problem. And presumably when you have a problem in terms of national policy, you try to solve the problem and one of the solutions to solve the problem is to try to eliminate the problem. And the problem we are trying to eliminate is our dependence upon foreign oil. That is what this is all about.

This has enormous national-international security implications, economic considerations for us as a country. It is very important that we do everything we can to eliminate the problem. It is in that context that the Bryan legislation comes up. And it is in that context that the Bryan legislation, deferred generously by the Senator from Nevada month after month after month, it is in that context that it is so important that we address this legislation now and pass this legislation now.

In terms of overall energy policy, we learned this—I was fascinated this morning sitting in the Energy Committee with a lot of my colleagues in the Senate, Deputy Secretary Moore, most of us started in the House—and many people were there in the House during the mid-1970's and started our political careers in the Congress on energy issues.

The issues are much the same today as they were then, but they are not totally. The lessons learned in the 1970's were neglected in the 1980's. The price of oil dropped; OPEC was in disarray. Suddenly we had a glut of energy and the energy was cheap and we forgot all of those lessons and did not persist on energy policy.

The Reagan administration told us that their policies had worked. That had nothing to do with it; it had only to do with the disarray in OPEC and the drop in prices. We could forget all the initiatives being taken. Research in solar energy and other alternatives declines dramatically. There was a rollback and erosion of the CAFE standard. Vetoed, for example, was the appliance efficiency legislation; a campaign pledge by the Reagan people to get rid of the Department of Energy; and the event when the administration, indicating their great commitment to the energy policy, brought in the dentist from South Carolina to be the Secretary of Energy.

The current administration has been a little more enlightened than that and certainly I think the statements made the other night by President Bush were very heartening. We may have the opportunity now to turn this around and get back to our national commitment on energy policy, a centerpiece of which should be the CAFE legislation authored by the distinguished Senator from Nevada.

What we have to do is move along and build upon many of the good things that we are doing so far: the State energy assistance legislation which has passed the Senate; the Fowler solar legislation, which has been enacted; the Energy Policy Act, S. 324; the global warming bill that I offered, and was passed here in August, going after national least-cost planning; energy efficiency; building codes; a whole array of very important initiatives. We should be building upon those. We should be using SPRO, the strategic petroleum reserve, and its tremendous leverage in this marketplace. There was a good discussion of that this morning in the Energy Committee.

We should be looking at price initiatives, all the way from an oil import fee to putting the potential of a floor under the energy taxes during all of this debate on the gasoline tax that is

going on at Andrews. It might be a good idea, Mr. President, for us just to freeze the current price of gasoline when a glut appears again, if it does, on the world market. Then we would have that floor already there. We will not have to raise taxes up to that. The economy would have gotten over the shock of absorbing some higher energy prices.

We would do a lot of environmental good and pick up a good deal of revenue for the deficit at the same time by affecting energy prices. It has a great deal of potential. I suggested that to a number of the people who were in the budget conference out at Andrews.

In the area of conservation initiatives, it is very important for us to be looking, in addition to the CAFE standards, to building standards.

We are half as efficient as our German and Japanese trading competitors, we are half as efficient as they are in terms of energy use per unit of gross national product. We can do a great deal more in the industrial area on energy efficiency, a great deal more in building standards.

The President, the administration, has just responded to a request that Senator JOHNSTON and others and I made about developing an Executive order on Federal building standards. Alternative fuels is another area that must be pursued. This is a perfect time for the administration to come back, if in fact it is serious about substituting for our imported oil, to push the clean air standards, to look at alternative fuel vehicles. This is a perfect time to do so.

The President once proposed that there be the required sale of a million alternative fuel vehicles. In his opening address on clean air, delivered at the White House about a year and a half ago, President Bush made a very good statement, and offered a very good piece of legislation in which he proposed a requirement that there be a million alternative fuel vehicles. Unfortunately, we backed off of that. I suppose, given the pressure of the energy industry and the auto industry, we backed off of that very clearly.

If the administration is serious about backing us out of oil, let us go back to the President's initial proposal. It is a Bush proposal made only a year and a half ago for a million alternative fuel vehicles—a very good idea.

It is a very good idea, alternative fuels. We should have a lot of domestically produced automobiles that use natural gas. Why not move toward automobiles using a domestic source of fuel rather than oil? It is a very good idea, a step the administration could take tomorrow, and encourage the clean air conferees to push again for alternative fuels.

Moving toward a solar-powered hydrogen economy, there are great opportunities there. That is for the long term, but we ought to be working on that research, just like coal and oil shale and other alternative programs at well.

We live in a new order, Mr. President. And the President's speech the other night told us about that. The Berlin Wall is down. We are redefining our national security. Our national security is now taking on many new forms. It is no longer a confrontation between the superpowers. As was very clearly evident in the discussions yesterday at the signing of the treaty, the discussions between the United States and the Soviet Union, we are no longer in this confrontation. We are under different kinds of national security threats. One of those is energy. Another, closely related, as we are all familiar, is the environment.

We need this national energy policy in place. We need pieces of it, both for energy reasons, as clearly outlined—it is very well understood—and for environmental reasons.

The Senator from Nevada noted in his opening remarks—and I will not repeat them; we have been talking about this for years and years—global warming, greenhouse gases, the production of carbon dioxide and related variables; if we reduce the amount of driving done in the United States, if we increase the miles per gallon, we are also doing very significant environmental good as well.

Greenhouse gases are a major threat. It is familiar now. Part of the lexicon, almost of every child in the country, is global warming and the understanding that we are changing the nature of our atmosphere. And one of the major changes is in the inexorable rise in atmospheric concentrations of carbon dioxide.

Carbon dioxide comes from the burning of fossil fuels, and the greatest creation of carbon dioxide comes from the burning of fossil fuels in the automobile.

Worldwide production of carbon now is about 6.5 billion tons. The efforts of this legislation would reduce that by about 500 million tons. We say, 500 million tons of CO_2 out of 6.5 billion tons of carbon, is that enough to make a difference? Of course it is. That is a very significant step.

There is no silver bullet in the battle on greenhouse gases. It is going to take a whole lot of steps and this is one of the biggest ones we could possibly take. National energy policy, national security, national economic policy, and environmental policy—the whole package is there in the Bryan legislation, and we ought to pass it.

In looking at those positive sides of it, nobody can argue, I think, against any of those elements. They could just bring up a variety of what I would consider relatively specious arguments on the other side. And let me deal with those very briefly. I again, in summary, would call those the family-size M-1 tank arguments.

The argument is made we have to worry about the balancing of fuel efficiency, emissions, and safety. If we do not properly balance these factors, the argument goes, we are going to have a disaster in the country. Fuel efficiency is what this amendment is all about.

Let us talk about safety, and let us talk about the industry's enormous commitment to safety. When I was in the House, I chaired the subcommittee that, among other responsibilities, had the National Highway Transportation Safety Act. The administration and industry together, during the whole decade of the 1980's, with their major commitment to safety, was trying to get rid of the requirement that there be automatic crash protection—read airbags—automatic crash protection standards.

We built that into the legislation for automobiles in the 1970's. There was a timeframe. They had to have airbags built into cars, called automatic crash protection, and those had to be phased in.

The auto industry was telling us up one side and down the other that having a requirement for airbags would be an absolute disaster. Well, we saved them from themselves. We kept that in the law, and now what are they marketing like crazy? You cannot go into an automobile showroom without having a salesman immediately come up to you marketing safety. A salesman comes up and markets airbags, which the industry were resisting as late as last year and the year before.

In safety as well, we have to have much, much heavier cars some say. We cannot be safe without heavier cars, they say. Well, of course, airbags are the single safest thing we can do now, but if we follow the weight issue to its logical conclusion, we get to the M-1 tank. We are all going to be out there driving up and down the highways with these enormous tanks, protecting our children with huge amounts of steel on each side, turrets to look through so we cannot be destroyed with anything that might come through the windows, and we will all have an oil tanker following us as we drive down the road in our M-1 tanks, as we are safe because we have a heavier automobile.

Really, I do not think that any of us believes we are going to follow this to its logical conclusion. Of course, we are concerned about safety, but where do you get the greatest return for safety? You get the greatest return by doing very smart things like airbags, and not going around resisting them.

Another element that was mentioned in terms of the balance for the automobile companies was emissions control. The President again stated

some very noble goals on emissions controls. He came out with a clean air bill a year and a half ago that was very good, very enlightened, and very progressive. What happened to it? The auto industry and the oil industry came honing right in on that, and we saw it watered down and eroded, and watered down and eroded.

Now is the time, again, if there is really concern about energy policy, let us hear the automobile industry come in and talk to us about alternative fuels. Let us have the three presidents of the automobile companies go to the White House and say to the President: Let us reinstate our commitment to alternative fuel vehicles. He had that, originally. Let us support him some more.

If there is this deep concern for emissions and emissions controls, let us see the delivery of that.

Fuel efficiency, emissions, safety—that was the troika discussed earlier. They were all valid. And we are moving in the right direction in all of those, and can do very well without having to go to a very regressive M-1 tank mentality.

Fuel efficiency with the Bryan amendment, safety by moving as rapidly as possible to get airbags on both sides for every automobile being sold, and emissions control, by moving to alternative fuels. Is this going to be enormously costly and expensive? Is this going to weigh down the cost of an automobile so severely that people will not be able to buy them? Of course not.

Emissions control devices: We were told by the automobile companies in the 1970's that we could not put emissions control devices in. The whole emissions control technology costs less than the cost of a vinyl roof.

Airbags: We were told there is no way in the world we can do airbags. They are going to cost thousands and thousands of dollars apiece. The reality coming from the airbag manufacturers is they cost less than the new chrome on an automobile.

The 100,000-mile guarantee of emission controls on vehicles: We were told that is enormously expensive to do. It is less than the price of a hubcap on a new car.

And fuel economy: Those costs are offset by fuel savings.

So with this package, we are not talking about something that is going to weigh down the economy with enormous and prohibitive costs. Nor are we, Mr. President, in the business of hammering and pounding key industries of the country.

It is not, with these requirements of safety, emissions control, and fuel efficiency, that people are buying fewer automobiles. We are buying a vast number of automobiles, millions, in the United States. It is just that the American public is buying them from a different source, because that other source tends to be more enlightened and is making better automobiles.

It is not that we are not buying all these Detroit cars because of all these requirements. People are not buying Detroit cars because the products are not as good as those coming in from elsewhere, which is too bad.

I cannot think of anybody in this Chamber who does not make a major effort—and I will bet most of us do—to buy an American car. We want to have an American car. But not because we are getting this great surge of enlightened automobile making, or a great commitment to all of these other goals, from Detroit.

Finally, Mr. President, it is interesting to note that the horsepower of the average automobile sold in the United States has gone from 99 horsepower per automobile in 1980 to 119 today. In the last decade, more Americans can now go from zero to 60 miles an hour in 10 seconds than could in 1980. What was wrong with the cars we were driving in 1980?

We were told that we have to have this sort of power in order to market American automobiles. People are not going to buy them otherwise. I just do not believe that. I just do not believe that we have to have these enormous engines in there.

And if we want to do that, if we want to have all of those options for great big horsepower engines, then what we ought to do is go to the legislation which Senator HEINZ and I would offer, which would give a premium to gas-sipping automobiles, and have a penalty paid by gas-guzzling automobiles.

Let us have a tradeoff. If you have a gas guzzler, if you are going to do this sort of thing, you pay a premium for it. If you have a gas-sipping automobile, you get a bonus for that. That is a perfectly reasonable kind of approach to take if, in fact, we are serious about cutting our dependence on imported oil. And that, again, is what we ought to be doing.

To close, Mr. President, we are not in the Persian Gulf because we are getting the Iraqis out of Kuwait, because we want to restore the Government of Kuwait, because we want to provide stability to the region and save lives. Those are noble goals. But the big reason we are there is oil. We import more than 50 percent of our oil. Our transportation industry uses two-thirds of that imported oil. Our transportation industry uses two-thirds of the oil that we import. If we are serious about our role in the world, national security—and we are or we would not have 100,000 plus troops in the Persian Gulf—if we are serious about it, then we ought to start to get rid of the problem that causes us to be there in the first place, and that is our extensive dependence on imported oil.

The Bryan legislation, the CAFE standards legislation, is precisely in line with what we ought to be doing. That is a response to a very real national security concern. We need an energy policy; and it must have a good environmental impact. But by itself, on national security grounds alone, not a lot of speeches, M-1 tank arguments, but on national security grounds alone, we ought to resoundingly support the Bryan legislation.

The PRESIDING OFFICER. The Senator from Arizona.

SON OF CATASTROPHIC

Mr. MCCAIN. Mr. President, I will be brief. The Senator from Oklahoma [Mr. NICKLES] has been waiting for quite a while to speak. So I will try to make my remarks as abbreviated as possible.

I rise to express my deep concern about the information that has been conveyed concerning the likelihood of a budget summit agreement which entails a significant increase in Medicare premiums, tying them to some kind of means testing and a reduction in Medicare benefits.

Mr. President, the time to restructure the Medicare system in America is not in an aircraft hangar at Andrews Air Force Base. The time to restructure the Medicare system and, indeed, the entire health care system in America and how we pay for it is through the same kinds of procedures that we use to resolve other issues of national importance. It is through hearings, through legislation, through consultation, and the legislative process, as we know it.

The idea of laying an incredibly increased burden on 33 million senior Americans is not acceptable to this Senator, nor do I believe will it be acceptable to the overwhelming majority of Americans—both young and old. Mr. President, last year for nearly an entire year, off and on, we went through a series of divisive and painful debates about the catastrophic health care insurance bill and especially the onerous surtax that was associated with it. We finally repealed the surtax and indeed, unfortunately, the entire program.

Mr. President, this is the son of catastrophic. This will receive the same treatment from the American people if it is passed. Mr. President, I will not support a budget agreement that lays this kind of onerous burden on the senior citizens of America. I urge the conferees to seriously consider the impact of such an agreement, and I hope that it will not be part of a package to addressing the very serious problem of this Nation's deficit.

Mr. President, I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I wish to compliment my friend and colleague from Arizona for, one, the work he did last year on the catastrophic proposal and his leadership in that area and also for his statement today.

MOTOR VEHICLE FUEL EFFICIENCY ACT

Mr. NICKLES. Mr. President, I have heard a lot of comments today about the proposed CAFE standards. I have heard a lot of comments today concerning energy policy and certainly, with the events in the Middle East, the focus of the country being on our dependency on imported oil. The fact that we do have troops stationed now in Saudi Arabia and in the Middle East I think heightens everyone's concern.

I wish to compliment the President of the United States for his address a couple of nights ago in focusing not only the attention of Americans and this Congress but, really, the world leaders, including Saddam Hussein, on the strength of commitment that we have in the United States to seeing that this act of aggression will not be rewarded, will not be tolerated, will not be allowed to stand. I think the President was exactly correct.

The President also talked about doing some things to reduce our dependency on imported oil. I compliment him on that, as well. Today, in the Energy Committee, we had a hearing. We talked about energy policy. We talked about our dependency. We talked about what can we do to decrease our reliance on imported oil. Some people talked about conservation; they talked about CAFE standards.

Mr. President, I made a statement there and I will repeat part of it. I said, when we are talking about an energy policy—and this Senator, being from an energy State, would like to have an energy policy—I would like to have a forum in this country where we really do work to make good sense on energy issues because we are very dependent on energy, both domestic and imported, to meet our needs and desires, whether it be on the farms or the ranches or in our homes or industries or our automobiles. We do have a love affair with the American automobile.

Mr. President, I stated then that I hope, if we have an energy policy, we have a good one. This Senator is not interested in a bad energy policy. We have seen that. We have had it. As a matter of fact, we spent a great deal of time, a number of years, undoing bad energy policy. We had piece controls on oil and gas. It did not work. It did not help consumers.

Some people, now that some prices are going up, are talking about the need for price controls on oil. That is exactly what we do not need. It did not work in the seventies. It did not save consumers any money. It did cause shortages. It did cause real disruptions. It did mean that we had American producers receiving a lot less than Kuwaiti and Saudi and Iraqi producers. Price controls do not work.

Some people said, well, that is the solution. That is not the solution. As a matter of fact, it is kind of ironic. I just completed a swing through several Communist countries, and they are all talking now about going to a market economy. Is it not interesting, when we come back into the United States, we have a lot of people clamoring for either price controls or windfall profit tax? I heard that mentioned a couple of times by my colleagues, "Oh, we need to sock it to those oil companies who are making excess profits. We are going to sock it to them."

I did not hear those same colleagues talking when prices of oil fell from $25 to $9.25 in 1986. I did not hear them mention any type of relief when we had the number of independent producers in the United States cut in half. I did not hear them saying anything about needing to do something when the number of drilling rigs fell from 4,000 to less than 1,000 in a period of a couple of years. Oh, but now they see a problem and come running and say, "We need a Government solution. Maybe it is price controls, maybe it is windfall profit tax."

Frankly, the Carter administration passed a windfall profit tax, and it was exactly the wrong thing to do. It was probably the most antifree-enterprise piece of legislation that has ever passed the Congress. Yes, it raised a lot of money, $78 billion. It took that money from a few States and sent it to Washington, DC, and it was spent for a variety of programs. There were a lot of inequities. That tax was on domestic producers; it was not on imports. Is it not ironic that as part of that policy, we actually encouraged imports and discouraged domestic production. That was a mistake.

I am interested in a national energy policy, but I do not want a bad energy policy. I want to do things that are positive, constructive. I am not interested in price controls. I am not interested in windfall profit tax. I heard people say, we need more synthetic fuel development; we need a massive program to get fuel out of coal and out of other resources.

Again, I am for synthetic fuel development. I just do not want another massive Federal Government-owned, Government-controlled albatross like the Synthetic Fuels Corporation that wasted billions of dollars. We still have plants where the Federal Government has invested billions of dollars.

They tried to auction one off just yesterday. They did not get hardly anything. As a matter of fact, the bids were so low the Government rejected all bids. The Government lost millions and millions of dollars. So we do not need a massive Federal Government corporation to develop alternative or synthetic fuels. This would be a mistake. We repealed that as well.

Think about it. We repealed the Synfuels Corporation. We repealed price controls on oil, and we repealed price controls on natural gas. We repealed the windfall profit tax. We sustained a veto on the Standby Emergency Allocation Act that was passed in, I believe, 1981. We repealed the Fuel Use Act that said you could not burn natural gas in various industrial and utility plants—that was part of the Carter-era energy program—because we thought we were going to run out of natural gas.

So we have repealed the five major components of the Carter energy program. They needed to be repealed because they were mistakes. They were mistakes made with good intentions, I am sure. They were mistakes that were made during the shortages of 1978-79 when people were in lines and people were clamoring for action. They said, "Move, we need action. Something is not right. We have to wait in line to get gasoline."

We had factories that were being closed. And so Congress was in a hurry to act and Congress acted, but it made mistakes.

I am not faulting any Member of Congress for those past mistakes. I know they were well intentioned, but they were mistakes. Economically they did not make sense. They were all moves toward Government control. And again, the exact opposite things are happening in many of the Communist countries. They are moving away from government controls, they are moving away from the so-called government plan, central panning.

I was in the Soviet Union—and I know my friend from Nevada is somewhat of a historian—and it was so interesting to hear the leader, the President of Russia, Mr. Yeltsin, talking about markets. We even heard a little bit of that talk, although not quite as assertive, from President Gorbachev. We heard the same thing from the mayor of Moscow and the mayor of Leningrad. They talked about markets. They talked about having markets control and letting markets make decisions instead of central planning, because central planning was not working. Central planning caused shortages; lines for bread, lines for tobacco. They have lines. They have shortages. They cannot buy automo-

biles. They have all the fallacies of central planning.

So I do not want to see us make the same mistakes. I do not want to see us repeat some of the mistakes that we made not that long ago—13, 14, 15 years ago—to go back to price controls, to go back to the early 1970's. That was a mistake made under a Republican administration, of all things. It was wrong; it did not work, and it certainly distorted the marketplace. It certainly caused a lot of inequities.

So let us not make those mistakes. Let us have a national energy policy but a positive one, one that will help our country, one that will reduce our dependence on imported oil.

What can we do? There are a lot of things we can do. The President suggested a lot of things in his speech the other night. I compliment him for it. He made some good suggestions. We need incentives to increase domestic production. That would be a step in the right direction. We need to open up some drilling in ANWR, the Alaska National Wildlife Refuge. That is something we desperately need in the future.

Today, Alaska is providing about 25 percent of our domestic oil needs, and frankly Prudoe Bay, is already starting to decline. So we need to supplement that 2 million barrels we are now receiving from the North Slope. So those are a couple of positive things we could do.

I think we need nuclear power. You see a lot of our allies—Taiwan, Japan, France—a lot of other countries that are aggressive with nuclear power. We have not been. As a matter of fact, we have two plants that are sitting idle that could greatly reduce our needs for imported oil—Shoreham and Seabrook. Yet we have those tied up through courts and delays. People are making it impossible to operate those plants. Those plants are ready to go. Both of them have an investment by the ratepayers of over $5 billion each, yet they are sitting idle.

The United States has not really increased its percentage of nuclear power in recent years, but we need to. The sooner the better.

We also need drilling off our continental shores. Frankly, Congress has been saying just the opposite. Every year we expand the areas on which we impose leasing or drilling moratoria. We expand the area where we say we are going to have no drilling; no drilling off the coast of Florida, off California. That is a serious mistake.

We want our coastlines to be beautiful. Frankly, you can go to California, and they have beautiful coastlines. If you look very far, you will find a lot of offshore platforms, most of which are in State waters, within 3 miles of the coastline, and they do not cause severe environmental problems.

As a matter of fact, if you want to know where the environmental problems are coming from, they come from tankers. They come from imported oil. They do not come from offshore drilling or production rigs. You do not have that problem off of the Louisiana, Texas, and gulf coasts where we have a lot of drilling rigs.

Most of the environmental problems that we have had with oilspills, et cetera, come from tankers. The tragic accidents come from oil spilled when a tanker runs aground, like the *Exxon Valdez,* not from off shore drilling platforms. So we need OCS drilling. One of the things I hope we do not do is make further mistakes in isolating or prohibiting drilling offshore.

Mr. President, I mentioned conservation. What about conservation? Should that not be part of our national program? I say yes, I think we need more conservation. There is a big difference between mandated and/or mandatory conservation, one with very severe penalties, and encouraging conservation. I think we want to encourage conservation. We can do so.

What about the CAFE standards, the so-called corporate average fuel economy standards? Again, I have great respect for my friend and colleague from Nevada. I put CAFE in with some of the past mistakes that Congress has made. If we make an aggressive move to greatly increase the corporate average fuel economy standards by mandating them, I think we are going to make a serious mistake in many ways.

I hope we do not do it just because, yes, we have a problem in the Middle East. I hope we do not, because of this crisis-type situation, create a serious problem that is going to put thousands and thousands of people out of work, that is going to deny consumers a choice, going to deny consumers the possibility to buy a vehicle they need or would like to buy. I do not want to make a quick decision on the floor of the Senate that is going to cost thousands of lives and greatly decrease driving safety. I do not want to put thousands and thousands of people out of work, whether it be in Oklahoma, whether it be in Nevada, whether it be in California. Frankly, I think that is what the bill pending before us will do.

I think it will have a negative impact on the economy, a negative impact on consumers, a big move toward central planning by government that, frankly, will not work. I do not want us to make that mistake.

I think we need to consider the legislation, sure, and I compliment my friend and colleague, Senator BRYAN, for his tenacity. He has brought this up on several occasions, or indicated his desire to do so. He has been very persistent. I compliment him for that. He believes strongly in his position on this issue. I respect that. But I think it does not change the fact. I think this would be a serious mistake. I compliment him for that. He believes strongly in his position on this issue. I respect that. But I think it does not change the fact. I think this would be a serious mistake.

We have talked to a lot of people about what would this do. I happen to have an automobile manufacturing plant in my State. The automobiles that they manufacture there probably average about 27 miles per gallon. I hope that they will be able to average 40 miles per gallon. They tell me they cannot unless they just totally remodel it and maybe make small cars, little cars about the size of a Volkswagen. Wait a minute; they make those now. Actually, they import them. They are not made in the United States. There are at least seven models of cars made that make 40 miles per gallon right now.

I guess if we want this to become law, it can be done. I guess. I somewhat question the technology, but there are some cars that will average 40 miles per gallon. Why do we not just mandate that every American buy one of those little cars? That is not what Americans want to buy.

As a matter of fact, I think less than 3 percent of the automobiles that are sold in the United States meet that standard—less than 3 percent. That means 97 percent of the automobiles that people buy exceed that. For what reason? Does that mean Americans are greedy or they just like to see how big that gasoline bill can be? No. There are a lot of reasons. Maybe they have a larger family. Maybe they want to have air-conditioning.

I will tell you, if you traveled into Nevada or Oklahoma this month. Last month, it was over 100 degrees. We kind of like to have an air-conditioner. Is it a matter of life or death? Maybe not. But it is a convenience.

Do we want to give it up? Do we want to legislate that you cannot have air-conditioners in your car? That is what we are going to be doing by passing this CAFE standard. I do not think we can make it with air-conditioning. The automobile manufacturers say they cannot make this 40 miles per gallon. Maybe they can. Maybe they cannot. I will tell you, if the price of gasoline is $5 per gallon, they probably will be able to make it because consumers will purchase the fuel efficient cars. If the price of gasoline is still $1.50 or $2, I do not think they will.

I am not interested in doing that. I am interested in making sure my colleagues realize what kind of car and what kind of size we would be mandating to meet this 40-mile-per-gallon standard because again we are going to be denying consumers choice. You are

going to be telling a family, I happen to have a family of six, they cannot physically fit in these cars that meet this standard. So I guess I am going to have to have two cars. If I will go to take my family to a picnic or take my family to school or graduation whatever, if I take all six, I will have to drive two cars. So I did not gain a lot in the fuel economy standards there if I have to have two cars where right now my station wagon could do it. That is one thing.

The problem first and foremost is we are really inserting the Government, Big Government you might say, to be making this decision instead of allowing the consumers to decide what kind of car, what size of car they would be purchasing; what size of truck. I will tell you. You talk about the truck standards. You talk to a lot of people in your rural communities in Nebraska, and other places. They are really irate.

Members talk about cost. This is not going to be an easy thing to achieve. It is going to cost a lot of money. I do not know if you have been in the market to buy a new car lately. They are rather expensive today. A lot of people cannot afford them. Or they have a hard time affording them. Maybe with the rebates, maybe with the low interest loans, maybe they can scrape up, and buy a new car.

A whole lot of people are just buying used cars because the new cars are too expensive. Frankly, I have two teenagers that are driving. They bought used cars. They could not afford new cars. It will be some time before they can.

If you continue to increase through regulations, et cetera, making those new cars more expensive, they will never buy new cars. If they do not buy new cars, they are not eliminating that gas guzzler. Therefore, this idea of fuel efficiency is not necessarily always correct. We could pass this bill today, say that the average corporate fuel economy is going to be 40 miles per gallon, tomorrow, or by the year 2000. That may not change a thing because you drive the price of the automobile up. People will not be buying them. They are going to be driving the older ones—the ones that meet their size requirements, the ones that meet the safety requirements. So if they are driving those older automobiles, those older automobiles are less fuel efficient.

My son unfortunately has a 1969 Mustang. It is not fuel efficient. There are a lot of other cars that are out there that have been in the marketplace for a long time that are not fuel efficient. But because of their size and other things and the price tag of this bill, there is no telling how many hundreds, even thousands of dollars it might cost in the future for new automobiles. This bill is going to price a lot of people out of the market. So they are going to keep the old clunkers, the old gas guzzlers. So you will not have the fuel efficiency reductions or improvements, as a lot of people would say.

What about the question of safety? I heard my friend and colleague from Colorado talk about, well, if weight means safety, we will have to have everyone driving an M-1 tank. I could reverse the argument and say wait a minute, if fuel efficiency is what we are looking for, we can pass a law that outlaws cars. You cannot drive cars. We are going to save a whole lot of fuel. We will mandate everybody in the United States is going to have primary transportation of a bicycle. We will reduce our import needs, and we will reduce the number of lives that are lost in traffic accidents. I mean, we could do that. We will not survive politically. But we could do it.

You know, if you want to take this argument, take it to the extreme, we will have everybody driving 1 mile per gallon M-1 tanks. However, it happens to be a fact that these little light cars that meet this standard are not very safe.

I can again use a personal example. I had a daughter who owned one of these little light cars. It was totaled going 24 miles per hour. It was basically a little old tin can; very little safety, very little cushion if there is an accident.

So there will be lives lost. This bill will cost lives. There is no question about it. You just look at the studies. You look at those cars. If they are hit driving 55 miles an hour, those little cars, somebody is in serious trouble. There will be an increase in loss of life if this bill is passed. I do not think anyone can dispute that fact.

So again I think we have to be careful. We have to be prudent.

I heard one of my colleagues say, maybe if we are going to do this, maybe we should reduce the speed limit. That might save some energy. That may be debatable. But I would probably debate it. They said, well, we could reduce the speed limit to 55.

As a matter of fact, Secretary Watkins today said we will enforce the 65-mile-an-hour speed limit, and maybe we can save a little energy with that. I do not know if that means we will have a Federal highway patrol out there monitoring speed limits. I do not know how they are planning on enforcing that. But frankly, I do not see that as really the solution to the energy problem that we are facing.

But if you want to take the safety argument further, I guess we could say we will have a national speed limit of 30 miles per hour. It might save lives too. How extreme do we want to go in this Federal meddling in automobile purchases and in safety, or whatever? Do we want to mandate that cars cannot weigh more than this? That is what they will weigh, if they have to meet 40 miles per gallon. Do we want to mandate speed limits now? I hear a lot of people talking about Federal regulation. That again, I think, will exacerbate the problem, not improve the problem.

Then finally, what about the jobs? As a matter of fact I have several plants in Oklahoma that are automobile-related. We have several tire plants. We have an auto glass factory. We have an auto manufacturing plant, all of which I think would be decimated if this bill passed. I doubt that half those jobs by the year 2000, 2005, would be there if this bill became law.

I do not want that to happen. Those are good jobs. Those are productive Americans. These are Americans that have good benefits. I really do not want to see us decimate the domestic auto industry in the United States or the support industry that helps the auto industry. That is a big part of our economy.

Yes, the Americans have a love affair with the automobile. The Americans want to have that choice. You go anywhere in the United States, you drive down the main boulevards of the small, medium-sized towns, or large towns, and you will find automobiles, trucks galore, with options. You will find a variety of choices for individual consumers to make. They have all kinds of brands. They have imports, domestic, they have fast ones, they have big ones, they have little ones, and they have all those options right now. I do not want to deny to American consumers that choice.

I just returned from Communist countries where they did not have that choice, where they had to wait 8 or 9 years to purchase an automobile, and where the size of the automobile is interesting. It might make some of this standard.

My friend and colleague from Nevada, who is presiding, will remember in East Berlin some of the cars they have in that country. They are disposable cars. They are cars that we will not even consider in this country. The body looked like it was made out of fiberglass. The engines reminded me of a little lawnmower engine. They will not go very fast.

As a matter of fact, a lot of people were disposing of them because they would leave those cars at the border and seek freedom in West Germany. They did that in several of the countries. As the gates were coming down, the walls were coming down, they would drive their car with whatever possessions they could carry, they would abandon the car at the gate, and walk across the border, if that was available, or into the American Embassy or into another Embassy seeking asylum.

They had to wait in some cases 8 years for those cars. They are little. They are about the size of a Volkswagen, but not built as well. They are not very safe. I doubt that they are even very fuel efficient. Certainly they are not safe. Certainly they did not offer consumers the type of choice that they would have in this country, and any other country that operates in a market system.

Again, I encourage my colleagues. Let us think about what we are doing. Let us not pass legislation that is going to put thousands of people out of work.

Let us not pass legislation that is going to cost thousands of lives. Let us not pass legislation that is going to deny consumers a choice of the vehicles which they wish to purchase. Let us make prudent decisions.

Frankly, I am going to ask my colleagues, let us not waste our time. We do not have that many days left in this session. I can tell you that this bill will take a long time. Some of us are pretty intent to see that it does not become law. We do not have that many legislative days left.

We have a letter from the President's advisers stating they will urge veto of this bill. Everybody in this body, I think, knows it. I think we have the votes to sustain it either in the House or the Senate. Maybe I am wrong, but I do not think so. I think we have the votes to sustain the veto. I think we are wasting our time, especially when you consider the House has not even taken up the legislation, and it is more than improbable that this legislation will become law.

So we can talk all we want. Maybe people want to talk all day and maybe tomorrow and next week, whatever. I do not know. I am not running the floor. But I think we are wasting our time on this bill.

Mr. President, I ask unanimous consent that a letter signed by the Secretary of Energy and the Secretary of Transportation stating the reasons for this opposition to this bill be printed into the RECORD at this point.

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

SEPTEMBER 13, 1990.

Hon. GEORGE J. MITCHELL,
Majority Leader, U.S. Senate, Washington, DC.

DEAR SENATOR MITCHELL: We understand that the Senate is preparing to consider a bill sponsored by Senator Bryan and others (S. 1224) that would substantially increase the corporate average fuel economy (CAFE) requirements for cars and light trucks sold in the U.S. The bill would increase fuel economy levels for the new car fleet to almost 40 mpg by the year 2001.

We want to take this opportunity to express once again the Administration's strong opposition to this bill. If this bill were presented to the President for his signature, his senior advisors would recommend that he veto the bill. We have consistently expressed our concern about the bill's adverse effects on highway safety, American workers, and American consumers.

The fuel economy requirements of S. 1224 cannot, as claimed, be met without significantly changing the size and composition of cars that consumers would be able to purchase. Analyses prepared by DOE and DOT concur on this important finding. Therefore, our most immediate concern is that the proposed CAFE standards would cause significant weight and size reductions for both the passenger car and light truck fleets. Such downsizing would have a noticeable adverse impact on the safety of occupants. DOT's statistical analyses have demonstrated that the downsizing of the 1970s had adverse safety effects. In our view, it would be a tragic mistake to enact legislation that would undermine this country's progress in highway safety.

The CAFE increases would also curtail the choice of new vehicles available to American consumers. Manufacturers would be forced to dramatically scale back or eliminate the production of large- and mid-size cars and trucks, which would adversely affect those with large families, those in car pools, and those who desire the security of larger cars, among others.

We are also concerned that S. 1224 provides inadequate administrative flexibility. Under the terms of S. 1224, the Administration would be barred from undertaking a regulatory process to make adjustments to fuel efficiency requirements for MYs 1995–2000 and would have only very limited authority to modify the standards for and after MY 2001.

The motor vehicle industry is already facing substantial regulatory demands, including the emerging Clean Air Act amends and upgraded side-impact protection. These air quality and safety requirements need to be carefully assessed before imposing yet another, potentially conflicting, set of requirements on the automobile industry.

Approaches grounded in market incentives, rather than the rigid requirements S. 1224 would impose, would be more effective in addressing energy, environmental, and other concerns related to the level of fuel use. As part of developing the National Energy Strategy, DOE and DOT are engaged in an interagency process to develop policies to improve automobile fuel economy, as well as other policies to reduce transportation energy consumption. We do not believe that recent events in Kuwait should cause us to rush ahead with ill-considered policies such as S. 1224. There are a number of conservation and energy efficiency measures which will produce greater near-term energy savings and do not impose significant safety and economic costs on the public. We urge the Congress to consider them.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the submission of this report, and that enactment of S. 1224 would not be in accord with the program of the President.

Sincerely,

SAMUEL K. SKINNER,
Secretary of Transportation.
JAMES D. WATKINS,
Secretary of Energy.

Mr. NICKLES. Mr. President, I yield the floor.

MEDICARE CUTS

Mr. GRAHAM. Mr. President, today the Washington Post carried a very disturbing article headlined "Medicare To Take Big Hit under Budget Plan."

Mr. President, I ask unanimous consent that this article be printed in full at the end of my remarks.

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

(See Exhibit 1.)

Mr. GRAHAM. The first paragraph reads:

> Roughly half of all nondefense spending cuts in the emerging budget accord will come from medicare, leading to significant changes in the program that covers hospital and doctors' costs for 33.3 million elderly and disabled Americans.

The article goes on to state that the plan would provide for $28 billion to come from cuts in payments to providers, $27.1 billion would come from linking premiums to beneficiaries' income, and $17.2 billion would result from changes that would require beneficiaries to pay higher out-of-pocket costs.

Mr. President, we all are anxious to be able to vote for a budget deficit reduction plan. Many of us, including myself, have identified that as the No. 1 domestic priority for this country. I am anxious to be able to vote for such a plan.

From that position, therefore, Mr. President, it seems incumbent upon myself, and others who share my position, to express at this point our serious reservation about a plan that would have these draconian cuts in Medicare as a principal element.

In my judgment, a deficit reduction process should have several objectives, in addition to the objective of reducing the Federal deficit as expeditiously as possible. Let me suggest what I think three of those should be. It should be a program which focuses on some long-term solutions to fundamental American priorities. Second, it should be balanced, it should be considered a fair allocation of the burden. Third, it should be acceptable to the U.S. people.

In my judgment, the proposal as outlined in this article fails in all three tests. It is not a long-term solution to America's health care; it is not a long-term solution to what, admittedly, have been the increasing costs in the Medicare Program.

I would contrast this with the debate that is ongoing in terms of the defense budget. I believe that we have had, over the past several months, a thoughtful analysis of the United States' responsibilities in the new era, and that analysis has led to some strategic redeployments of our military resources, of our military options for the future, and that those strategic choices are what are driving the changes in the defense budget.

I commend many leaders in this Chamber, particularly the chairman of the Armed Services Committee, Senator NUNN, as well as Secretary of Defense Cheney, for their provision of strategic thinking behind the new defense budget.

If you analyze the Medicare Program and ask what are its constituent problems, what is the diagnosis that we need to focus our attention upon, I think most reasonable people would say we need to be concerned about the rising cost of overall medical care. We need to think seriously about the implications of the new technologies which are contributing to that increased cost. We need to be aware of the fact that the demographics of America are changing, having more people reach the age of 65, and therefore become eligible for Medicare. And of those who reach 65, more are living to advanced ages.

In my State, Mr. President, when the final census numbers are reported for 1990, compared to 1980, I believe they will show that the fastest growing decadal group in my State of Florida were people between the ages of 80 and 90. We are experiencing an extension of life unprecedented in our or any other nation's history. Those are some of the fundamental issues.

Are any of those issues going to be dealt with by shifting the cost of the Medicare Program, as is suggested here, in a massive way toward the beneficiaries, either in terms of increasing their out-of-pocket payments, going to a needs-based Medicare for purposes of monthly premiums? The answer to that is no. Those proposals would have nothing to do with the underlying problems. They are much like, if you have a sprained ankle, giving yourself a shot of novocaine. It may temporarily remove the pain and allow you to function, but it does not deal with your real underlying needs. So this is not a long-term solution to our Nation's Medicare problems.

Second, is it balanced? There are 33 million Americans, out of approximately a quarter billion, who are Medicare eligible, who depend upon this program for a substantial part of the quality of their life and the stability of life. Does it seem reasonable that when we look at all of the domestic expenditures of the U.S. Government, that we would say that one program affecting 33 million people should carry half of the budget reduction burden? On its face, Mr. President, that seems to me to be an inequitable distribution of the burden.

Third, is it going to be a program acceptable to the U.S. people? It was just about exactly a year ago, Mr. President, that we were engaged in a firestorm debate in this Chamber having to do with catastrophic health care. We adopted the program a year earlier, and we found out in 1989 that it was not what the people of America, particularly the senior citizens of America, wanted. And we repealed it. We learned some lessons from that experience.

One of those lessons, to me, is that we need to listen to the people affected before we rush out and prescribe a solution. We failed that test with catastrophic health care.

Senator MCCAIN suggested that we now should be dealing with the "son" of catastrophic health care in these proposals, for massive changes in the medicare program. I do not know if it is the "son" or not, but at least it is the "first cousin." I personally do not want to meet every member of the family before I decide we are about to make a very serious mistake.

Mr. President, if this proposal fails to meet three objectives—not being a long-term solution, not being balanced and fair, and not being acceptable to the American people—do we not have some responsibility to suggest what is an approach that might meet those tests and could be part of resolving our Federal budget defict? I think the answer to that question is yes.

I would like to suggest what I think such a direction might be. The Senator who is currently in the Chair has had considerable experience as the chief executive of his State, and I imagine in that position he has had the same experience that I did; that is, from time to time, as Governor, he has faced the fact that additional revenues are required for education, transportation, environmental protection, for whatever important program, and you have to go to your people and legislature and convince them that that is required.

Nobody likes additional taxes. So that is a given. I think, however, there are some standards that help make that as acceptale as possible.

One of those standards is that you have to convince people—generally it does not require convincing, but rather you have to go to the people and let them express their desire that there are things which are important in their personal lives, maybe something as basic as safety, which means in some instances more law enforcement, that justify, additional taxation; second, that there is a relationship between the additional taxation and the benefits that they wish to see achieved; and that there is a support for the additional revenue in order to achieve those benefits.

I believe, Mr. President, that what we need to be moving toward—and I also believe this is supported by the large numbers of Medicare eligibles in this country—is to accept the fact that we do have a crisis in the Medicare Program. We reached that conclusion in the late 1970's as it related to Social Security, set up a select commission; it worked diligently and produced the Social Security plan of 1983 which the Congress adopted.

We need to approach Medicare with that serious, thoughful approach.

I believe that a solution somewhat similar to what happened with Social Security is going to be called for, and that is to create a trust fund, a separate funding source out of which Medicare benefits will be paid in the same way that we now have the Social Security program on a separate fund from which benefits are paid.

Currently part B of Medicare, which is the physician's payment part, is paid about 75 percent out of general revenue. I believe we ought to look for a plan that would replace that 75 percent general revenue with a dedicated revenue source.

That would give a stability to the Medicare Program. It would take it out of periodic politics of which today's news account is just the most recent example. I believe it would also facilitate our focusing on the real problems of Medicare and the broader problems of America's health care system.

I would suggest that that type of an approach could well be part of our budget summit resolution, that it would represent a long-term solution to a serious national issue; it would be balanced and fair and would be acceptable to the American people.

Mr. President, in summary, I join the vast number of Americans who want to see a serious budget deficit program enacted. I am concerned that as the mix, as the recipe for that conclusion is being prepared, that there is an element potentially to be dropped in the mixing bowl that would make the end product unacceptable, and that is the proposal that a disproportionate amount of the burden be placed on Medicaid. That is a proposal that a program which needs serious attention would be treated in the casual technology nature that is of necessity the manner of treatment when it is part of such a massive budget summit process.

I believe that such a proposal would not pass the standards of the U.S. Senate, the House of Representatives, and I am absolutely convinced it would not pass the standards of the American people.

So I hope that by bringing this concern to the attention of my colleagues at this stage, and most specifically to our colleagues who are now endeavoring to arrive at a budget summit agreement, it would cause a reconsideration of this misguided proposal and would avoid placing us in a situation in which we would have to vote against the final proposal because it contained this odious element.

Mr. President, I indicate to my colleagues that a letter is being circulated which brings these concerns to the at-

tention of those who are representing us at the budget summit urging that they not proceed with the plan as outlined in today's news accounts.

I would be most pleased to have other of our colleagues who are so inclined to join in signing that letter so that we can avoid this detour onto a very rocky and dangerous road that would keep us from the superhighway of a balanced, reasonable program that would get us to our destination of a balanced Federal budget.

EXHIBIT 1

[From the Washington Post, Sept. 13, 1990]

MEDICARE TO TAKE BIG HIT UNDER BUDGET PLAN

(By Steven Mufson and John E. Yang)

Roughly half of all non-defense spending cuts in the emerging budget accord will come from Medicare, leading to significant changes in the program that covers hospital and doctors' costs for 33.3 million elderly and disabled Americans, according to participants in the budget negotiations.

The proposals being considered would effect beneficiaries and health providers alike. And for the first time since Medicare was created in 1965, they would link the program to incomes, forcing higher-income retirees to pay more than poorer seniors.

One Democratic proposal envisions savings $72.3 billion from the program over five years. And Republicans are pressing for big Medicare savings too.

"Medicare will have some very major changes," Rep. Bill Frenzel (Minn.), the ranking Republican on the House Budget Committee, predicted yesterday.

Under the Democratic plan, $28 billion would come from cuts in payments to providers, $27.1 billion would come from linking premiums to beneficiaries' incomes and $17.2 billion would result from changes that would require beneficiaries to pay higher out-of-pocket costs.

But concessions on Medicare are likely to make Democratic lawmakers even more reluctant to accept Republican proposals such as the capital gains tax cut, which would primarily benefit wealthy Americans.

"I don't think anyone questions that some savings in the Medicare program are needed, but it is a question of balance," said Robert Greenstein, director of the Center on Budget and Policy Priorities. "I don't know how budget negotiators can ask elderly people to sacrifice while proposing a capital gains tax cut."

Eugene Glover, president of the National Council of Senior Citizens, said the proposed changes would "shred the Medicare program and destroy needed health care protection for older Americans. . . . Seniors didn't cause this deficit, they shouldn't be asked to pay more than their fair share."

Budget negotiators have focused on Medicare because its cost has ballooned to $105.4 billion a year and it is the fastest growing part of the federal budget. Without any changes, Medicare would grow at 12 percent to 13 percent during the next fiscal year.

That also means that every cut in the program in the first year is magnified into greater deficit reductions in later years of the budget agreement. Plans to save money from Medicare also address concerns about throwing the economy into recession. Even with changes in Medicare, the program spending will increase somewhat faster than inflation, one administration official noted.

Rising Medicare costs are being driven by rising medical costs, by new medical technologies for treating the elderly, and by the growing number of senior citizens. Even if the proposed savings are enacted, there will be pressure to overhaul the system.

Medicare has two parts. Plan A covers hospital costs and comes from a trust fund. Although long in surplus, that trust fund is running a deficit now and is expected to be depleted just after the turn of the century.

Plan B covers physicians' bills and participation by senior citizens is voluntary. Initially, premiums paid by beneficiaries covered half the cost of the program and general tax revenues covered half the cost. But the government subsidy now covers three-quarters of the cost and is projected to grow to 88 percent by the end of the decade.

"I consider the fundamental design of the Medicare program to be unsustainable," said Deborah Steelman, a lawyer heading a commission named by President Bush to examine Medicare reform. She noted that an increasing number of physicians and health groups are refusing to accept Medicare patients.

Meanwhile, however, the size of the program means that cuts in Medicare could affect as many senior citizens as cuts in Social Security payments—and could be just as sensitive a political issue. Families USA, a national seniors watchdog group, has called Medicare cuts "nothing more than a Social Security COLA cut in disguise."

Linking higher Medicare premiums to the ability of beneficiaries to pay would address the concerns of many senior groups about low income earners. But a similar plan last year that would have raised premiums paid by high-income senior citizens in order to provide catastrophic health insurance for all aroused such sharp criticism that lawmakers beat a hasty retreat.

"I'm glad to see they're thinking about income sensitivity, but you also need to be politically realistic * * *" said Phyllis Torda, the health policy director of Families U.S.A.

Sen. Harry Reid (D-Nev.) yesterday called the proposal to link Medicare premiums to the beneficiaries ability to pay "the Son of Catastrophic. * * * It's the same old song with new set of lyrics, but it's still off-tune and way off-base."

But Frenzel said that boosting Medicare premiums for Plan B would not provoke the same outrage because participation in the plan is voluntary. And, said Frenzel, "We're not asking for anybody to pay for anyone else's benefits."

The PRESIDING OFFICER. The Chair recognize the Senator from Vermont [Mr. JEFFORDS].

MOTOR VEHICLE FUEL EFFICIENCY ACT

Mr. JEFFORDS. Mr. President, I rise to discuss the pending legislation, in particular the Bryan bill on CAFE standards, and I rise in support of that bill.

Because motor vehicles consume about half of the petroleum product used in this country, it is imperative that our vehicle fleet be as efficient as possible. The Bryan bill would mandate incremental improvements in corporate fuel economy standards.

To their credit, auto makers have made great strides in fuel economy improvements over the past decade. But it also should be recognized that the CAFE Program has been an important force behind these efficiency gains.

And it may be more than coincidental that as the CAFE requirement has leveled off, the efficiency improvements have leveled off.

The Bryan bill would raise the CAFE standard 20 percent above the actual fuel consumption levels of 1988 model vehicles, effective model year 1995. The bill requires model year 2001 cars to be 40 percent more efficient than the 1988 vehicles. Proportional improvements in pickup and passenger vans are also required.

No one is saying that this will be easy. Although a recent report by the Office of Technology Assessment points out several techniques that are currently available to improve auto efficiencies to the 33- to 34-mile-per-gallon level, OTA's assumptions have been questioned, and its conclusion leaves little margin of error for automakers. However, it also should be remembered that OTA only considered currently available technologies, and those not being looked at will hopefully be available later.

There are plenty of car lines that already exceed the government mandated CAFE level. At issue is whether consumers will purchase sufficient volumes of cars that exceed the standard to compensate for those cars that do not meet the standard. Judging by the OTA report, car makers will need to increase their efforts to maximize the fuel economy potential of each car line.

I think we can meet the standards set by the Bryan bill. I and wish to point out a few provisions of current law that provide some margin of error.

First of all, the Bryan bill makes no change in current law that allows auto manufacturers to earn credits for exceeding the yearly CAFE requirement. Since the current standard is not modified legislatively until model year 1995—although it remains subject to modification by the Secretary of Transportation—aggressive carmakers should be able to earn some level of a cushion in model years 1992-94 that can be carried forward to 1995, when the Bryan bill becomes effective. Additionally, credits can be carried back 3 years, meaning that car makers are given 3 years to make up for years in which the standard is not met and loss ground they suffered.

Provisions of the so-called Rockefeller-Sharp law provide an additional credit for auto makers who produce vehicles that are powered by alternative fuels. While the maximum impact is capped at 1.2 miles per gallons, there seems to be healthy market growing for flexible fueled vehicles, with CAFE credits available for sales of such vehicles.

For cars with a wheel base less than 100 inches, the bill allows a credit of 10 percent if such cars are equipped with driver- and passenger-side airbags. Five percent is allowed for a driver-side only air bag.

In sum, Mr. President, many available technologies have been identified to improve fuel economy. Many promising technologies are on the horizon. The bill provides credits and incentives to allow some wiggle room if the standard is not strictly met in the first year of implementation.

But by far, the most important factor will be consumer choice of automobiles. Promotional efforts by automobile makers will have a role in influencing behavior, although this is difficult to quantify.

Directly related operating expenses, most importantly—the cost of gasoline, should continue to play a role in influencing consumer choice.

As we are so well aware, international factors and market behavior makes it difficult to predict how gasoline prices will change over the next few years. State and Federal Governments may also weigh in on the issue of gasoline taxes, with our actions indirectly affecting consumer choice in automobiles.

The Bryan bill will not make it easier for the automobile industry. But the economic ramifications of increased oil imports, and the environmental effects of burning this commodity, make it important that the Senate consider and pass a bill to mandate improvements in automobile fuel efficiency.

Mr. President, as we go into more detailed debate of the provisions of the Bryan bill, I think we should remain mindful of our underlying goals of reducing our dependance on imported oil and reducing pollution. I have no problem with encouraging greater fuel efficiency in automobiles, but we limit ourselves by just emphasizing automobiles. The Senator from Michigan has brought forth reasons why we should also look to other answers. And I certainly do not disagree with him on that aspect.

Certain provisions of the clean air bill begin to explore the potentials of looking at the fuel side of the equation. Requirements for reformulated gasoline, higher oxygen levels, lower RVP and alternative fuels programs for city buses and urban fleets are a few of the examples. But still we need to go further.

In the late seventies, reeling from oil embargoes and the like, we experimented with encouraging production of alternatives to gasoline through programs such as the Synthetic Fuels Program.

Unfortunately, this program was doomed when oil prices dropped, necessitating huge subsidies for Synfuels, Corporation products if it were to be used. Its reliance on the security of subsidies would doom it again today.

And I would agree with the Senator from Oklahoma who preceded me, who pointed out the high cost and really the waste of that program.

Another approach, which must be examined, is more along the lines of what Brazil did in the seventies and is increasing today, namely to create a demand for alternative fuels by requiring a certain percentage of fuel alternatives as a percentage of the total fuel mix. Mandating that an increasing percentage of our national gasoline inventory be supplied from renewable sources could go a long way toward encouraging a number of alternative supplies that are environmentally advantageous. Other indigenous resources, such as natural gas, shale and tar sands must also be considered to reduce our oil imports. Under this kind of a system, the market would determine what that mix would be. But we would mandate the percentage and then let the market decide what is the most efficient and effective way in order to reach that law.

This approach will not require tax subsidies; no tax subsidies at all. Of course, depending upon the price of oil, additional costs will be made, depending upon the price of the alternatives, and this would be passed on to the consumers.

I would point out that it is my understanding, from looking at the cost effective measures of costs with respect to alternatives, that present oil prices are such that little or no costs would be passed on to the consumer.

At the same time, we must also explore and emphasize more environmentally sound options such as electric cars, photovoltaics, fuel cells, and hydrogen to reduce fossil fuel consumption.

The Department of Energy is scheduled to release its recommendations for a national energy plan later this year. I expect that many Members of this body will also have their own ideas on what we ought to do for a new energy policy to get us out of the difficulties we face today. I certainly will. As we work in this direction, it is important to remain mindful of our dual goals of reducing pollution and decreasing our dependence of imported oil.

Of immediate concern is the potential for increasing the fuel efficiency of automobiles. I urge support for the Bryan bill.

The PRESIDING OFFICER (Mr. GRAHAM). Who seeks recognition?

The Senator from Connecticut.

Mr. LIEBERMAN. Thank you, Mr. President.

Mr. President, I rise to speak in favor of the bill introduced by Senator BRYAN, of which I am privileged to be one of the original cosponsors, and to urge that we do indeed proceed. The time is now. The time has been, for a long time, but it is certainly now.

I commend my colleague from Nevada, my friend, my classmate, if you will, for his leadership on this issue and for his foresight in bringing forth a very tangible response to the Nation's energy and environmental problems.

There is a lot of rhetoric around on both of these subjects. But if we are looking to do something that is real, and soon, this is the bill. This year, as we all know, Congress crafted a Clean Air Act. We debated and voted on many critical issues which affect different parts of our country, such as smog, acid rain, and the visibility of our national parks.

Many of us argued at that time that it was also important to do something about carbon dioxide emissions, emissions which affect not only regional interests, but the future environment of our entire planet. We argued that this is a subject about which the American public is most intensely concerned. And that may surprise some people, because it is easier to be aware of and bothered by local problems.

But the fact is that some public opinion polls indicate that global climate changes, the threat of a warming Earth, is the single environmental problem about which Americans are most concerned. And it is that aspect of this bill, that benefit from this proposal, that I want to dwell on. It obviously has tremendous consequences, positively, for energy conservation.

But this bill will also have tremendous positive effects on the quality of our environment, because by drastically reducing carbon dioxide emissions from automobiles, it gives us an important opportunity to quite literally save the planet from the effects of global climate change.

Prime Minister Brundtland of Norway, I think said it well when he said:

> The importance of climate change may be greater and more drastic than any challenges mankind has faced, with the exception of nuclear war.

The speed with which we humans are affecting our environment is truly frightening. Only 10 generations ago, which is three lifetimes, the industrial revolution gave us the machines and technology that forever have changed the way we not only live, but the way we relate to our natural environment.

In the vast history of our planet, this time period is clearly only an instant, and yet in that instant we have changed not only the way we relate to the environment, but we have begun to fundamentally threaten and change the environment itself.

In a handful of generations, our scientists are now telling us, we have unleashed a potentially lethal mix of pol-

lutants into our atmosphere which will literally—not just symbolically, but literally—threaten us for generations to come.

Nothing in human history provides us with precedents to deal with this kind of threat. But the bill before us allows us to act decisively and responsibly to address global climate change by significantly reducing carbon dioxide emissions.

Carbon dioxide is, everyone agrees, a dangerous greenhouse gas. It accounts for almost 50 percent of the gases that contribute to global warming. The United States, with about 5 percent of the world's population, generates about 25 percent of all worldwide manmade emissions of carbon dioxide. We are doing more than our part, unfortunately, to pollute the atmosphere.

Transportation accounts for almost one-third of all of the American carbon dioxide emissions. Remarkably, we in this country generate more CO_2 emissions from motor vehicles than most other developed countries produce from all sources. Again, I am not just talking there about undeveloped countries. I am saying that from automobiles, motor vehicles, we generate more carbon dioxide than most other developed nations from all sources.

This bill is the biggest single step that we can take to control the carbon dioxide emissions that contribute to global warming. It would reduce those emissions by 500 million tons per year by the year 2005. So, in my opinion, the importance of this piece of legislation cannot be overstated.

The testimony of scientific experts suggests that it is time for us to act on this problem. I know there has been an appearance of a lot of debate in scientific circles about CO_2 and its relation to the warming of the planet. But it is important to distinguish between levels of debate. The truth is there is little or no real debate in the scientific community about the reality of global warming. Everybody agrees it has happened. In fact, there is remarkable agreement that the threat from global warming is real. The debate is over the rate at which global warming is occurring. Some members of the scientific community believe that the recent increase in CO_2 emissions worldwide supports the conclusion that we will see significant global warming in the next 50 years. Others argue that the data is insufficient to reach that conclusion and that there is a need for more study. But those who argue for more study today are themselves out of step with the great preponderance of world scientific opinion.

Earlier this year, 49 Nobel laureates and 700 members of the National Academy of Sciences, called on Members of Congress to act as soon as possible to prevent the warming of the plant. In May of this year a panel of scientists, in a report prepared for the United Nations' Intergovernmental Panel on Climate Change, warned that unless emissions of carbon dioxide and other harmful gases are immediately cut by more than 60 percent, global temperatures will rise sharply over the next century with unforeseeable consequences to humanity.

I think it is important to state that as the debate, at least to the media, warmed up—no pun is intended—over whether there was global warming, people kept pointing to this United Nations report and said wait until that report comes out. That report came out a few months ago, and it sided conclusively with those who say there is a real threat of global warming and that threat is now. That report was adopted by delegates from 39 countries, and it said that scientists were "certain" that emissions of CO_2 were enhancing the greenhouse effect and, if nothing were done, the global mean temperature could rise 5.4 degrees Fahrenheit by the end of the next century. It says that in that case, ocean water would expand and ice at the poles would melt, raising the level of the sea by as much as 25.6 inches. That would be enough to submerge the Maldives and inundate the coastal planes of Bangladesh and The Netherlands, according to oceanographers. Those are obviously real and very, very serious consequences.

An average temperature rise of only 5 percent Fahrenheit could, in addition to causing the thermal expanding of oceans, cause the melting of land-based ice and increase sea levels by 2.5 feet, which is more than enough to flood vast unprotected coastal lands, inundate low-lying areas, erode shorelines, worsen coastal flooding, and increase the salinity of rivers, bays, and aquifers.

The cost of holding back the sea in countries such as The Netherlands and ours—where a large proportion of the population lives in coastal areas and the movement of the public towards coastal areas continues dramatically in our country—cannot even be estimated at this point.

The final point I want to make about the devastation from global warming is that it is not only an environmental issue, it is a public health issue. We have become accustomed to the descriptions of the parade of ecological horrors that climatic change could bring such as those I just mentioned—storms, rising ocean levels, drought—but a study by the Public Health Service of our Government alerted us to something more pervasive and in a way perhaps more real to each of us and that is a massive and unimaginable threat to our public health and the fact that that threat is existing now.

The findings of the Public Health Service report are startling. They point out that in 1980, 1,700 deaths in the United States alone were attributed by physicians to environmental heat. Since then, the Public Health Service notes there has been a steady increase of heat-related deaths and that these numbers "seriously underestimate the true extent of mortality and serious morbidity caused by high temperatures." In other words, unfortunately, we do not have to wait to see if our polar icecaps really will melt during the next century. The Public Health Service is telling us that we have a public health problem now from environmental heat.

Mr. President, all of this is what we have the opportunity to stop, to stall and, hopefully, to overcome, by taking an enormous step forward in the effort to control carbon dioxide emissions by adopting this bill. In addition to all that, I think the public here may well be ahead of the politicians. Though public opinion polling is an inexact science, it provides us at least with a picture of what the American people may be thinking. I was interested, at the end of last year, to read the results of a poll that was taken by a gentleman who actually is the chief pollster for President Bush. He asked voters about automobile fuel economy standards. The question was: "Would you favor or oppose an increase in Federal fuel economy standards for auto companies requiring that cars, on average, get 45 miles to a gallon by the year 2000?" That is 5 miles a gallon less than this bill would provide for.

The response was overwhelming. Fifty-one percent of the voters surveyed strongly favored the increase in fuel economy standards and another 27 percent said they favored those increases. That is 78 percent of registered voters surveyed.

I know there are questions that are always raised about these changes, about whether the public is willing to accept the increased costs that would be involved and whether there might be a political backlash to the increased costs that would result from producing more fuel-efficient cars.

Here is another question Mr. Wirthlin asked: "Would you pay $500 more for a 45-mile-per-gallon car, knowing that the added money would be recovered in 4 years through fuel savings?"

The response here again was overwhelming. Eighty-three percent of the registered voters in America who were polled said they were willing to pay that extra $500 for cars that achieved 45 miles per gallon.

Mr. President, I know, as so often happens when we in this body attempt to be instruments of change through the law, those who are being asked to change resist. That is a human impulse. It is natural. But that is why we pass laws, to bring about change that is necessary. In this case I believe the

American people truly want the change.

I yield the floor.

The PRESIDING OFFICER. The Senator from Washington.

Mr. ADAMS. Mr. President, I rise today in strong support of the Motor Vehicle Fuel Efficiency Act of 1990. I believe this is an extremely important piece of legislation for the future of both our environment and our national energy needs.

I would like to begin my remarks by commending my colleague, Senator BRYAN, for all of his hard work, and I am pleased to be a cosponsor of this bill. His leadership has been crucial in moving this bill to the floor. I also would like to extend my appreciation to Senator GORTON, the ranking member, who has devoted an extensive amount of time to this bill.

Our State, Washington State, is facing some very difficult transportation and pollution problems which result from tremendous population growth in our urban areas. A great deal of this is directly connected to the automobile. I am pleased that Senator GORTON is supporting this positive legislation, and he deserves our thanks.

This bill has a very familiar ring to it. Or as Yogi Berra was so fond of saying, "This is deja vu all over again." In 1974, I was serving on the House Commerce Committee when we passed the bill; and later, I was Secretary of Transportation as we started to implement it with regulations. I can testify that hell on Earth is having to administer laws that you have passed. Because we had to fight the same battles all over again that we had fought in the Congress. These are the same battles with the auto industry that we are fighting today.

To provide a little prespective on the situation, in 1975, the average car used 13 to 14 miles per gallon, and that was the best they said they could do. In 1977, 6 months after I become Secretary, we issued fuel economy standards to be reached by 1985. These new standards required that 1980 cars meet a level of 20 miles per gallon. This goal was unheard of at that time. Standards were gradually increased, at the request of the industry, to 27.5 miles per gallon by 1985.

There have been other Secretaries since then, and there has also been a continuous effort by the American auto industry to change the pattern of development set forth. This was also true with regard to automatic safety restraints. The automobile industry fought that battle too. In fact, I ended up as a defendant before the Supreme Court as Secretary of Transportation because I had put airbags and passive restraints in automobiles.

Automatic safety restraints are how you make automobiles safe; not as one of my colleagues said today by building an M-1 tank. You protect the occupant, and we knew how to do that. The first Secretary who came in after me promptly refused to implement these restraint regulations. But we did prevail, and now you do see airbags beginning to appear. I will never forget the first person who came into my office and said, "You know, I was in a car with four other people. We had a head-on collision with the other car. I am the only one left because I was the driver and I was behind an airbag."

Mr. President, in 1977, the industry fought the new standards with great vigor. They argued, and it was true to a great extent, that technology was not available in the United States to meet these standards. They complained that the standards would raise the average cost of a car by thousands of dollars, putting them out of the price range for average Americans.

After losing the battle in 1977, the auto manufacturers returned in 1979 to challenge a Department of Transportation report, a report which we ordered, indicating that manufacturers could meet the deadline. They were unsuccessful once again, but in the meantime, the German and Japanese manufacturers were going way beyond these standards and were increasing the quality and the size of their cars.

I am very proud of the strides this Nation made in the 1970's toward the production of more fuel-efficient cars. Many of my colleagues this afternoon have pointed out the environmental effects, the national security effects, the safety effects that this bill carries, so I will not repeat them but simply say that they are absolutely correct. They would have been correct in 1975, and they are absolutely correct today. I am pleased and proud that the progressive people in the U.S. auto industry rose to the challenge and have made some great strides over the years. Today we have better, more fuel-efficient cars than we had in 1977.

They did have the technology. It was the marketing department that always said we do not want to try any of these new things, but, believe me, the auto industry did have innovative technological ideas, and they still do, Mr. President. Such things as ceramic engines, other types of fuel-efficient engines have existed for many years.

So why are we in trouble? Unfortunately, in the 1980's, the Government's approach to the problem was back to business as usual. I have mentioned that there was a challenge to the airbags. When the memories of the oil crisis of the seventies faded, President Reagan extended the deadlines for complying with the fuel-efficiency standards, and that began to unravel the 1977 system. He also virtually eliminated funding for a very important element of our program—a very important element—the Department of Transportation research program, which monitored industry progress and provided information to the Government regarding the industry's ability to meet new requirements.

I had requested funding for this research because I had asked the U.S. industry, in a speech in Detroit, to reinvent the automobile. This was greeted with a barrage of cartoons, hoots, and lecturing that it could not be done. Since then that criticism has died out under the barrage of German and Japanese cars that are both inexpensive and luxury models. Competition, as well as Government regulations, made it necessary for the industry to start to change its ways.

Mr. President, today we are back again looking to the future with new fuel-efficiency requirements for the industry. And, once again, the industry is arguing that they do not have the technology and the changes would be too costly. Once again, we must send the auto manufacturers the message that fuel-efficient cars are absolutely necessary. If they just kept moving in the 1980's on their own, or even with a little Government push, the dramatic changes that are proposed in this bill would not have been necessary.

Mr. President, I would like to touch briefly on the allegation that promoting fuel economy degrades auto safety. Let me put that allegation to rest. To be blunt, it is totally wrong.

As Secretary of Transportation, I oversaw the DOT research safety vehicle program, and it was concluded in the 1970's that we could build a five-passenger, 43-mile-per-gallon car with a level of safety significantly greater than is available in any car on the road today. I want to repeat that: A five-passenger, 43-mile-per-gallon car could be built with a level of safety greater than available with any car on the road today.

I went to Germany and rode in one of the cars that they had in their wind tunnel, a turbocharged diesel that could meet the fuel and comfort standards that are being proposed today. They decided they were not going to market it right then in the United States.

Let me make it clear. Some real improvements in CAFE have come from technical and must come from technical innovation, not just shifting to small cars. When Congress set standards in 1975, the average new car got 13.8 miles-per-gallon and the death rate on the highways was 3.6 fatalities per 100 million miles traveled.

By 1989, new fuel car economy standards had more than doubled to 28 miles-per-gallon, while highway fatalities dropped by 39 percent or 2.2 per 100 million miles.

The evidence is irrefutable. Auto safety and fuel economy can, indeed, work hand in hand. Manufacturers

were saying the only way you could have safety was with crush-proof or crush-resistant type vehicles, the dropping of engines and so on. We said protect the passengers with passive restraints, and that is what was done. That is why these fatalities are going down.

There are two major reasons that we must pass this legislation now. First, we must decrease our dependence on foreign oil. The recent invasion of Kuwait by Iraq provides strong evidence of that need. In 1978, 47 percent of our oil was imported. If our consumption continues at projected rates, the United States will be relying on foreign sources not for just half of our oil as we are now, but by over 55 percent by the year 2000, and over half our oil consumption, as we have heard from other Members, is used in transportation with the automobile.

By passing the Bryan bill, we will be able to save a tremendous amount of oil. The projections are 15 billion barrels by the year 2020.

The second reason for supporting this legislation is protecting our environment.

Currently the United States, as we have heard from other Members, is the single largest contributor of carbon dioxide emissions worldwide. This is a sad statistic. As a Congress and as a nation, we are becoming increasingly concerned about the problem of global warming. We do a lot of talking about the problem. It is time to quit talking and begin taking action.

This bill is an opportunity for our Nation to start dealing with global warming problems and provide a good example to other nations. In fact, the Department of Transportation calculates this legislation will provide a 483 million ton reduction in carbon dioxide emissions. This bill and other conservation measures are also the best way to take pressure off drilling incentive areas, whether it be the Arctic National Wildlife Refuge or offshore drilling areas.

I encourage my colleagues to support this bill, to take the next step down the road to a national energy policy and to a healthier environment. I think Senator BRYAN and others have done a great service to bring this bill to the Senate. I wish we had maintained the momentum that we had in the seventies. But let us seize this opportunity to build it back up again. We can do it. If we do not, the other nations of the world will show us how to do it. So for safety, for a cleaner environment, for national security, and for the good of our industry let us pass the Byran bill. I urge my colleagues to vote for it. I yield the floor.

The PRESIDING OFFICER (Mr. LAUTENBERG). The Senator from Kentucky.

Mr. McCONNELL. Mr. President, we are in morning business.

The PRESIDING OFFICER. The Senator is correct; we are.

FCC AUDIT OF POLITICAL ADVERTISING

Mr. McCONNELL. Mr. President, shortly the Senate and House will go into conference on the campaign reform bill. I wanted to make a couple observations of recent developments which bear on this most important subject.

I have said for almost 3 years now that the single most significant thing we could do to improve the system that would not tilt the playing field in the direction of either party is to do something about the outrageous cost of broadcast advertising. There is further evidence, Mr. President, that political candidates are not getting the discount they are entitled to under existing law. Existing law, of course, is completely inadequate to provide any relief.

Mr. President, I want to share with my colleagues the results of a recent FCC audit which analyzed how television stations in five media markets are treating political candidates. During our debate on campaign reform, many may recall, as I said a few weeks ago, my frequent statements on the importance of lowering broadcast costs for candidates. In my opinion, there is no more important issue in campaign finance.

The primary reason we are under pressure to raise so much money for campaigns is the ever-escalating cost of television. In my own State of Kentucky, for example, advertising costs have doubled since I last ran in 1984, in a decade of low inflation. I challenge anyone to find another commodity or service which has doubled in price during the 6-year period, and I suspect, Mr. President, in many States the prices have much more than doubled.

Current law requires broadcasters to provide a discount for television and radio time 45 days before a primary and 60 days before a general election.

While this provision was enacted in 1972, with every good intention, the broadcasters have largely ignored the spirit, if not the letter, of this statutory requirement. Many Senators have been complaining that we have been paying too much for television advertising. They are right. But until recently no one could actually document the case. The FCC, to its credit, decided to do an audit of the charges for political advertising in several randomly selected media markets. The purpose was to assess compliance with the broadcast discount requirement I mentioned earlier.

The audit was conducted over the summer in five media markets; Cincinnati, Dallas-Fort Worth, Philadelphia, Portland, and San Francisco. In its audit the FCC examined the sales practices of 30 radio and television stations in these five media markets.

The FCC released its preliminary findings last Friday. The audit staff concluded that "certain industry practices are not in compliance with the law, and that political candidates have paid higher prices than commercial advertisers at a majority of the stations," exactly the opposite of what the law requires.

Here are the highlights, Mr. President, of the audit. At 16 of the 20 audited television stations, candidates paid more—the law requires the opposite—for broadcast time than commercial advertisers in almost every time period.

In one city, all candidates paid more than the highest rate paid by any commercial advertiser during a 1-week period. On average, Mr. President, candidates paid $6,000 for a 30-second television spot, while commercial advertisers paid an average of $2,713 for the same spot. During 1 day part, candidates paid $5,500 for a 30-second spot, while commercial advertisers were charged a maximum of $3,000.

At one television station, all candidates were charged $1,000 for a news adjacency at the same time commercial advertisers were charged between $575 and $2,550 for spots running in the same news program.

Many of the broadcasters admitted to the FCC that there is a process of negotiation between the stations and commercial advertisers which does not occur, I repeat does not occurr, in dealings between broadcasters and their political customers.

In fact, the FCC found that at least one-half of the television stations which were audited do not provide any information on the rates they charge commercial advertisers. This is significant because the broadcast discount is based on the lowest unit charge provided to commercial advertisers. Instead, Mr. President, these stations negotiate with corporate customers and follow a take-it-or-leave-it policy with political advertisers.

Mr. President, this FCC audit just confirms what many of us have been saying about the high cost of political advertising. Unless we lower these costs in an effective manner, there is no justification for claiming that we have improved the campaign finance system.

Unfortunately, the campaign finance bills which have passed the Senate and House are not likely to become law this year. In fact, it is a certainty they are not going to become law.

The President has made it clear he will veto any bill which contains taxpayer financing and spending limits.

He is absolutely correct to do that. I do not think we should adjourn this year, however, without a serious effort to reform the campaign finance laws.

Since it seems unlikely that we will be able to reach an agreement with our colleagues on the other side of the aisle on any type of comprehensive legislation, then I think we should at least try to strengthen the broadcast discount for the 1992 elections.

A meaningful broadcast discount will reduce campaign costs by as much as 25 percent for the next election cycle. We need to address this issue before the next election cycle if we fail to enact a comprehensive solution.

Because of this concern, I want to take this opportunity to inform the Senate of my intention to offer a broadcast discount amendment to the upcoming motor voter legislation.

The FCC's report demonstrates the urgency with which we must act to lower broadcast costs; 1992 is going to be a watershed election for both parties and we would be remiss if we did not try to improve at least this part of our campaign finance system.

Mr. President, I ask unanimous consent that the full text of the FCC audit of political advertising be printed in the RECORD.

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

FEDERAL COMMUNICATIONS COMMISSION,
Washington, DC, September 7, 1990.

POLITICAL PROGRAMMING AUDIT

The Mass Media Bureau is issuing the attached report on a political programming audit of thirty television and radio stations which began on July 16, 1990. The purpose of the audit was to assess the broadcast industry's compliance with the political programming law, particularly the obligation to charge candidates the "lowest unit charge" pursuant to Section 315(b) of the Communications Act. The audit analyzed the sales practices of stations located in: Cincinnati, OH, Dallas-Fort Worth, TX, Philadelphia, PA, Portland, OR, and San Francisco, CA.

It appears from the audit that certain industry practices are not in compliance with the law, and that political candidates have paid higher prices than commercial advertisers at a majority of the stations. For example, in one of the markets, all candidates paid in excess of the highest rate paid by any commercial advertiser during nine television dayparts or program periods in a single week. During a particular dayparts at one of these stations, candidates paid $5500 for a 30-second spot, while commercial advertisers paid no more than $300 for a 30-second spot. At a number of the stations, the Bureau found practices which appear inconsistent with other political programming rules. The report makes no final determinations with respect to any specific violations by individual stations.

Our purpose in releasing the attached audit report prior to the 1990 general election is to assist the broadcast industry in conforming its practices to the intent of Congress. The Report describes political programming requirements in several areas. Regarding the lowest unit charge requirement, the Bureau emphasizes the need for complete disclosure to candidates of all information necessary to facilitate informed decisions about the purchase of time. The Report states that no new classes of time for candidates may be established which result in higher rates. Broadcasters are also reminded of their obligation to maintain a political file which is current, complete, and self-explanatory. In addition, except for news programming, broadcasters may not establish restrictions or limitations in advance when selling or furnishing time to federal candidates.

For additional information, contact Milton O. Gross at (202) 632-7586.

MASS MEDIA BUREAU REPORT ON POLITICAL PROGRAMMING AUDIT

On July 16, 1990, the Mass Media Bureau initiated an audit of thirty television and radio stations to assess the broadcast industry's compliance with the Commission's political programming rules, especially the lowest unit charge requirement. The stations were located in: Cincinnati, OH, Dallas-Fort Worth, TX, Philadelphia, PA, Portland, OR, and San Francisco, CA. The purpose of this report is informational in nature. Our preliminary review of the information collected during the audit suggests that certain industry practices may not be in compliance with the law, particularly the "lowest unit charge" provision of Section 315(b) of the Communications Act of 1934, as amended, 47 U.S.C. Section 315(b). The report makes no final determinations with respect to any specific violations by individual stations. Our purpose in releasing this report at this time is to assist the broadcast industry in conforming its practices to mirror the intent of Congress. As will be set out more fully below, the most significant finding of the audit is that, at a majority of the stations, political candidates have paid higher prices than commercial advertisers because sales techniques encouraged them to buy higher-priced classes of time. The following is a statement of the law, a preliminary report of our audit findings, and tentative recommendations for assuring future compliance.

I. THE STATUTE AND LEGISLATIVE HISTORY

Section 315(b) directs broadcasters to charge legally qualified candidates for public office the "lowest unit charge" (LUC) of the station for the same class and amount of time for the same period during the 45 days preceding a primary election and the 60 days preceding a general or special election. When a candidate purchases time outside these specified pre-election periods, the charges "shall not exceed the charges made for comparable use of such stations for other purposes." Section 73.1940(b) of the Commission's Rules states, in part, that "[a]ll discount privileges otherwise offered by a station to commercial advertisers shall be available upon equal terms to all candidates for public office." 47 C.F.R. Section 73.1940(b).

The "comparable use" provision was enacted in 1952 in an effort to eliminate high "political rates" for the use of the electronic media. Congress added the "lowest unit charge" provision in 1972 as part of a plan "to give candidates for public office greater assess to the media and . . . to halt the spiraling cost of campaigning for public office." S. Rep. No. 96, 92d Cong., 1st Sess., (1971), reprinted in 1972 U.S. Cong. & Ad. News 1773, 1774. Congress intended the lowest unit charge provision to "place the candidate on par with a broadcast station's most favored commercial advertiser." *Id.* at 1780. Congress also thought that limiting this requirement to the specified 45 and 60-day pre-election periods would encourage shorter campaigns and further lower campaign costs. *Id.* at 1781.

II. COMMISSION AND JUDICIAL PRECEDENTS

In implementing the 1972 amendments, the Commission issued a Public Notice explaining that "class" of time refers to a station's rate categories, such as fixed, preemptible, run-of-schedule (ROS) (carried at the station's convenience, without any guarantee of placement) and special rate packages, "amount of time" refers to the length of time purchased, such as 30 seconds, 60 seconds, five minutes and one hour. "Same period" refers to classifications of time within a broadcast day established by the station, such as prime time or drive time. *Use of Broadcast and Cablecast Facilities by Candidates for Public Office,* 34 FCC 2d 510 (1972) ("1972 Public Notice"). The 1972 Public Notice also specified that a station's LUC is the lower of either the rates that appeared on its rate card or that were offered or actually charged. Rate changes that occurred as a result of "normal business practices" of the station, such as seasonal changes or changes based on audience ratings, would be valid bases for price differentials within the same class of time. *Id.* at 525.

In *Hernstadt* v. *FCC,* 677 F.2d 893, 897 (D.C. Cir. 1981), the court of appeals stated that the 1972 amendments "were viewed as providing an additional break for candidates" and ruled that the LUC provision entitles all candidates to buy ROS and preemptible spots when the station offers them to commercial advertisers. The court reasoned that these types of spots are not only classes of time, but also constitute discount privileges, which must be offered to all candidates. The court observed: "If broadcasters have total discretion to define 'class of time,' . . . they will be free to return to pre-1952 rate discrimination simply by defining a 'political' class of time, with higher rates than other classes, and then offering candidates only 'political' time." *Id.* at 900. Thus, under *Hernstadt,* broadcasters do not have complete discretion to define "classes" of time they offer to candidates, thereby excluding candidates from the discount privileges offered commercial advertisers.

In 1988, the Commission clarified the LUC provisions based on the industry's current sales practices. *Public Notice on Lowest Unit Charge,* 4 FCC Rcd 3823 (1988). The Commission recognized that commercial advertisers buy preemptible time almost exclusively. Preemptible time, less expensive than non-preemptible time, is offered at price levels that can change often, even weekly, in response to supply and demand. The Commission also noted that stations often sell commercials during a given time period on a weekly rotation basis. Under such selling practices, the LUC must be the lowest rate any advertiser has paid for preemptible time that has "cleared" the time period during a given week. LUC for television prime time may vary program to program since individual programs may be considered separate periods of time based on the variation in audience ratings. The Commission's Public Notice also recognized broadcasters' widespread use of "make goods" to replace an advertiser's preempted spot in lieu of giving a refund. The Public Notice stated that broadcasters must offer candidates make goods prior to elections if

they afford commercial advertisers make goods on a time-sensitive basis.

While the Commission has not had the opportunity to review this matter, we note a recent Mass Media Bureau action in this area. The Bureau issued a Notice of Apparent Liability (NAL) to a broadcaster whose published "political" rate card offered candidates only two rates, low-priced preemptible spots referred to on the political rate card as the "lowest unit charge" (LUC), and non-preemptible "fixed" spots available at a rate often two times higher than the LUC rate. *Outlet Communications, Inc.*, 5 FCC Rcd 2835 (M.M. Bur. 1990). The Bureau determined that the station's failure to include on the political rate card a higher, immediately preemptible rate that was available to commercial advertisers apparently constrained candidates to purchase the more expensive fixed class of time to guarantee clearance before the election. The Bureau's analysis of time purchases on the station during the pre-election period revealed that every political candidate purchased only fixed-rate spots whereas every commercial advertiser purchased only less expensive preemptible spots. The Bureau concluded that the station's failure to offer candidates the higher priced level of preemptible time, which was less likely to be preempted than the LUC spots offered political candidates, apparently forced candidates to buy at fixed rates, in apparent violation of Section 315(b) of the Act and Section 73.1940(b) of the rules. The broadcaster has filed a response to the NAL and Bureau action is pending.

III. THE AUDIT

On July 16, and 17, 1990, Commission field inspectors obtained from the thirty selected stations the political files that every broadcasting station is required to maintain and any rate cards used in selling time to political or commercial advertisers during 1990. Additionally, each station was directed to respond to specific questions regarding its LUC calculations, classes and lengths of time offered, levels of preemptibility, "make good" policies, and rate changes. The Bureau also requested program logs for the 10-day period immediately preceding each state's most recent primary and all invoices for time sold during this 10-day period. The stations' replies to our inquiries and the remaining material were furnished by August 16, 1990.

We have learned a great deal about the sales practices of the audited stations. Most significantly we found that, at sixteen of the twenty audited television stations (80%), candidates paid more for broadcast time than commercial advertisers in virtually every daypart or program time period analyzed. Indeed, candidates sometime paid more than *every* commercial advertiser aired in the same dayparts. Candidates fared better on radio, paying more than commercial advertisers at only four of the eight audited stations that sold time to candidates. It should be noted that some stations' selling practices appear designed to ensure that candidates are, in fact, on par with most favored commercial advertisers. Among our representative findings from all five markets:

At fifteen stations, commercial rate cards are not published, but listed on "internal" documents as guidelines for negotiations with commercial advertisers, whereas political rates are published and do not appear to contemplate any process of negotiation.

All candidates paid in excess of the highest rate paid by any commercial advertiser during nine television dayparts or program periods, in a single week, in one city.

During a particular television daypart, candidates paid $5500 for a 30-second spot, while commercial advertisers paid no more than $3000. During a local news program on another television station, candidates paid an average of $4000 for a 30-second spot, while commercial advertisers paid an average of $1562.

Candidates paid an average of $6000 for a 30-second television spot, while the average cost of a commercial advertiser's 30-second spot during the same daypart was $2713.

All candidates paid substantially more than the lowest rates paid by commercial advertisers during twenty dayparts on both radio and television in a single market.

Every candidate paid $4000 for a 30-second "news adjacency" on one television station, while commercial advertisers that aired 30-second spots within the same news program paid between $575 and $2550.

A political candidate paid $750 for a 30-second spot during a one-hour afternoon program, while a commercial advertiser within the same program paid only $80 because its purchase was part of an overlapping preemptible rotation.

A candidate paid $120 for a 60-second radio spot while a commercial advertiser airing during the same daypart paid only $20 for a 60-second spot. At another radio station, during "morning drive time," some candidates paid as much as $150, for a 60-second spot, while commercial advertisers cleared at rates as low as $45.

All candidates paid $675 for a 30-second spot, while commercial advertisers that aired 30-second spots within the same program paid between $70 and $350. A candidate paid $4750 for 30-second spots that aired during the late evening news at another television station, while commercial advertisers paid as low as $2475 for a 30-second spot.

The primary reason for the disparity in commercial and political rates is the fact that candidates purchased time at non-preemptible "fixed" rates while commercial advertisers purchased time at "preemptible" rates. Stations reported to us that candidates choose to buy higher-priced fixed time to be assured that their advertising would air exactly as ordered. Because candidates and commercial advertisers buy different classes of time, broadcasters contend that their time purchases cannot be compared for purposes of LUC calculations. However, it appears that the stations' sales practices actually encourage candidates to spend more for advertising time by buying the higher-priced non-preemptible class of time, and effectively segregate candidates from commercial advertisers. Such sales practices frustrate the intent of Congress as reflected in the 1972 amendment of Section 315(b).

We believe that candidates' strong motivation to buy only non-preemptible spot advertising may be attributed to a lack of disclosure about a station's commercial sales practices, particularly the realities of preemptibility, make goods, and other available specialized discount packaging options. The political rate cards typically show only two rates, a low priced preemptible, sometimes called "lowest unit charge," which has little chance of airing, and the significantly higher non-preemptible "fixed" rate. The intermediate preemptible rates known variously as "prevailing" or "effective" selling levels that carry a high degree of certainty of being broadcast are not shown. A few political rate cards disclose only a "political" fixed rate. One station even specifies a "candidate fixed" rate. Although candidates are entitled to purchase at all interim preemptible levels, and the stations claim in their responses to the inquiry that candidates are free to buy all levels of preemptible time, these political rate cards fail to specify such information. Thus, generally, candidates may be unaware of the interim preemptible levels and consequently are steered in the direction of fixed time.

Compounding the lack of published information, many broadcasters state that there is a process of negotiation between their sales representatives and commercial advertisers, which seems not to occur in dealings with candidates and their representatives. The political rate cards do not generally reflect the availability, or nuances, of the myriad of discount package combinations provided commercial advertisers resulting from negotiation. The practical outcome of these negotiations is both lower rates for, and the arrangement of special packages suitable to, individual commercial advertisers. As further indication of this apparent lack of negotiation between candidates and stations, many stations, particularly television, establish commercial rates for "internal" use only, as a guide for negotiation with commercial advertisers. These stations appear to encourage negotiation with commercial advertisers and essentially adopt a take-it-or-leave-it policy with political candidates. Because candidates are induced to buy at fixed rates, the benefits of negotiating which occur at the preemptible level are not even contemplated.

The audit also indicates widespread confusion about the proper use of make goods for candidates. As stated previously, if a station ever provides a make good to a commercial advertiser on a time-sensitive basis (prior to a sale or event or for any reason), it must accommodate all candidates similarly by arranging make goods for preempted material prior to election day. The Commission believed this would greatly enhance the value of preemptible time to candidates by alleviating some of the fear that their advertising would not be broadcast before the election. The audited stations generally appear to have misunderstood the meaning of the 1988 Public Notice. They argue that as a rule, they do not guarantee make goods to commercial advertisers. However, the LUC was intended to accord candidates the same treatment as a station's most favored advertiser. Assuming that the majority of stations, if not all, accommodate at least one favored commercial advertiser when time is of the essence, candidates must be advised that preempted material would be rescheduled prior to election day. None of the stations claimed that such information was provided, nor did any of their published materials for candidates mention make goods.

The Bureau also found other practices inconsistent with the LUC provisio. Some stations have created new classes of time for candidates, most commonly, fixed political rates for "new adjacencies". The news adjacency class appears to be the result of the Commission's policy permitting stations to prohibit sales to candidates during news programming. *Commission Policy in Enforcing Section 312(a)(7)*, 68 FCC 2d 1979, 191 (1978); *Anthony R. Martin-Trigona*, 68 FCC 2d 1551 (1977). As a result, some of the stations that exclude political ads from news programming have created a fixed position class adjacent to the news, available to political candidates only and priced it at a premium above what commercial advertis-

ers pay for spots throughout the news. Language in *Hernstadt, supra,* would indicate that such an approach contravenes Section 315(b). Stations do not have the discretion to establish special higher political rates or classes and foreclose the availability of the discount privileges available to commercial advertisers. Moreover, we believe that stations that create a non-preemptible "fixed" class of time for political candidates only, similarly run afoul of *Hernstadt.*

The audit also indicates practices inconsistent with other political programming laws. Many of the political files are either incomplete or so disorganized that it would be impossible for any candidate to ascertain requisite information for equal opportunity purposes. Section 73.1940(d) requires a complete record of all paid and free time for candidates to be placed in the political file "as soon as possible" (under normal conditions, interpreted as "immediately"). Unless a candidate can learn when an opponent's time aired and is scheduled to air in the future, informed equal opportunity requests cannot be made. It must also be clear what class of time has been furnished by an opponent and exactly what rate, if any, has been paid to the station. Finally, this information must be current, organized, and self-explanatory to permit reasonable inspection by members of the public.

Section 312(a)(7) of the Act requires "reasonable access" for federal candidates. This affirmative right of access accords federal candidates the right of access to all dayparts, including prime time. Stations are obligated to negotiate with individual federal candidates without first establishing any limitations or bans with respect to the number of or placement of spots or program time. *CBS, Inc. v. FCC* (Carter/Mondale), 453 U.S. 367 (1981). Some of the audited stations furnished materials which suggest that they have created limitations on the amount of time a federal candidate can purchase in specific time periods.

IV. CORRECTIVE ACTION

Congress has endeavored to limit the cost of campaigning for public office by emphasizing the elimination of higher so-called "political rates." This audit demonstrates that, despite the intent to eliminate higher rates designed solely for candidates, they continue to exist, as a practical matter, on a significant scale. We believe that if broadcasters follow the guidelines set out below, candidates should be able to make informed choices about broadcast rates.

(a) *Disclosure:* Based on our analysis in *Outlet Communications, Inc., supra,* broadcasters should disclose to candidates all rates and the availability of package options available to commercial advertisers. Such information should be included if a station publishes a rate card to be used by candidates. This disclosure should specify all discount privileges, including every level of preemptibility, the approximate clearance potential of time purchased at current effective selling levels, and special package plans. The disclosure should also indicate the station's policies with respect to make goods and the availability of negotiating for time if that is the practice with commercial advertisers.

(b) *Creation of Classes of Time:* Broadcasters cannot establish new classes of time for candidates only which result in higher rates to candidates.

(c) *Political Files:* Candidates and the public at large have a right to obtain specific pertinent information about a station's transactions with candidates. Broadcasters must maintain the political file to include all current requisite information (e.g., requests for time, schedules, rates, free time granted) in an organized and self-explanatory manner.

(d) *Federal candidates:* Except for the news programming policy mentioned above, broadcasters must not establish in advance any ban or limitations for the sale and furnishing of time to federal candidates. Federal candidates have the right to formulate campaign media strategies on an individualized basis and the broadcaster must negotiate the candidate's requests on an ad hoc basis. The factors the broadcaster can utilize in responding to the stated needs of the federal candidate include the amount of time the candidate has already bought or been furnished, the number of other candidates in the race, and potential programming disruption.

Mr. McCONNELL. Mr. President, I yield the floor.

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

MOTOR VEHICLE FUEL EFFICIENCY ACT

Mr. LEVIN. Mr. President, I have supported reasonable automobile fuel efficiency standards in the past, and I continue to support such standards. Reasonable CAFE standards are not a substitute for conservation but they can be an important component of a comprehensive national energy policy.

Not only have I the greatest respect for our colleague, Senator BRYAN, but I happen to agree with him and others who say that Iraq's invasion of Kuwait has once again proven that we need a comprehensive energy policy. It promotes increased efficiency, conservation, and the development of alternative energy sources.

If we proceed properly and thoughtfully, we can reduce our dependence on foreign oil without economic dislocation, unemployment, reduced automobile safety, and increased highway fatalities. But the bill under discussion today is not a reasonable and balanced approach, and I cannot support it. Let me explain.

The committee report contends on the basis of testimony of the Office of Technology Assessment statements of the Department of Energy and the 1989 study conducted by energy experts Carmin Difiglio and K.G. Duleep that the standards in the bill are technically feasible; that is, that these standards set forth in this bill can be met without changing the size and performance of the vehicle fleet.

All three sources, the DOE statements, the OTA assessment, and the 1989 study of Difiglio and Duleep, all three sources according to the committee report, support CAFE levels of 32 to 33 miles per gallon by 1995 and 38 to 39 miles per gallon by 2001. Those are roughly the levels required by the bill. Those are the 20-percent increases by 1995 and the 40-percent increases by 2001 which have been referred to.

The committee report does not disclose that but the facts are that the projections of the OTA, the DOE, and the independent study are basically the same because the OTA testimony, the DOE statements were based on the results of the Difiglio-Duleep study. Those are basically the experts that this committee report relies upon.

Nor does this report indicate—I think this is a far more critical point—that the experts that they principally rely on, and that their experts in turn principally rely on, Messrs. Difiglio. and Duleep have rejected the committee interpretation of their own study.

In a May 5, 1990 presentation to the Society of Automotive Engineers, Mr. Duleep sought to discredit what he characterized as myths about the original work, firmly stating that his analysis or that the analysis simply does not support regulation requiring a 20- to 40-percent increase in fuel economy by 1995 and 2001.

Let me repeat it because it really goes to the heart of the matter. That is, whether or not the standards set forth in this bill are technically feasible without changing the size or the performance of vehicle fleet—and the principal experts relied upon in the committee report and relied upon by other experts—the committee report states simply and directly that his analysis "does not support regulation requiring a 20- to 40-percent increase in fuel economy by 1995—2001."

The report of the committee also fails to note that Mr. Difiglio and Mr. Duleep revised their initial report prior to the committee report. They revised the potential technological benefits, they incorporated new emissions and safety standards, and updated their baseline, and they concluded after the revisions that a technologically and economically feasible CAFE standard for 1995 is 5 miles per gallon less than this bill sets forth, and that for the year 2001, 6 miles per gallon less than the level required by this bill.

Both the Secretary of Transportation and the Secretary of energy have concluded that the requirements in the pending bill are not technologically or technically feasible without downsizing, without forcing consumers into smaller cars. We know that lighter and smaller cars are available right now that meet these standards. The question is and the problem is the consumers prefer the larger cars for various reasons, including safety. I will get to that in a moment.

What we are talking about here in this bill is forcing consumers into smaller cars. We are moving the choice of consumers because according to that key expert, the Duleep report, and Mr. Duleep himself, these levels

cannot be reached without downsizing the fleet.

In March 1990, in a letter regarding a virtually identical proposal then pending, the Secretary of Transportation stated that readily available techniques for improving fuel economy have already been implemented, and that only modest CAFE improvements can be made without severe downsizing of existing cars.

In a June 15, 1990, letter to members of the Commerce Committee, Energy Secretary James Watkins reiterated this point and denied that his Department had ever concluded that the CAFE standards in the bill could be achieved through technology alone.

Mr. President, there is another serious problem with this bill; that is, its impact on highway safety. Last week the Insurance Institute for Highway Safety which has been critical of the auto industry in the past, issued a report concluding that increased CAFE standards will mean significantly more deaths—significantly more deaths—on the highway because of the downsizing which is required to meet the standards in the bill.

That got my attention in a hurry. The Insurance Institute report states the following:

Car size is perhaps the most important single factor when it comes to protecting occupants in crashes. All other things being equal, people in larger cars sustain fewer injuries in crashes than people in smaller cars. Why? Because the smaller cars have less crush space to absorb energy and, therefore, higher crash forces are transmitted to their occupants. * * *

Overall, the death rate in the smallest cars on the road is more than double the rate in the largest cars. For every 10,000 registered cars 1 to 3 years old in 1989, 3.0 deaths occurred in the smallest cars on the road, compared with 1.3 in the largest cars.

The death rate is at least twice as high in small cars, compared with large cars, in both single- and multiple-vehicle crashes. The effects of car size are true without regard to the ages of the drivers. * * *

The Insurance Institute report goes on to say the following:

Insurance claims for occupant injuries are also more frequent in small cars than in large cars. Among the 29 two- and four-door cars with the highest frequencies of injury claims, 27 are small. Two are midsize. And not one of the 29 is large. Among the 9 two- and four-door cars with the lowest injury claim frequencies, on the other hand, 7 are large. The other 2 are midsize, and not one of the 9 is small. * * *

The Insurance Institute goes on to say the following:

What's true is this: A relationship exists between death rates and fuel use, even if it isn't a precise one-to-one relationship * * *. According to a regression equation estimated by Institute researchers from death rates and EPA fuel ratings of 47 four-door cars, on average every 1-mile-per-gallon improvement in fuel economy translates into a 3.9 percent increase in the death rate.

That is not the auto industry figure. Just like the Duleep figures are not the auto industry figures. Mr. Duleep is the expert who the committee has relied on, and the other experts the committee refers to has relied on, not the auto industry. This is the Insurance Institute, not the auto industry's figures.

So there is going to be a lot of rhetoric, and there already has been, about the auto industry this and the auto industry that. But just so we can try to keep this objective, these statements are made by an insurance institute which has been highly critical of the auto industry at times. And the figures that I gave before showing that this builds CAFE standards by 1995 to 2001 are not technically feasible without downsizing, those figures come from sources outside of the auto industry, independent of the auto industry, and sources which the committee's report purports to rely on.

Back to those death rates. What that means is that every 1-mile-per-gallon increase in CAFE standards leads to the death of 1,800 people per year, and this bill would require an 11-mile-per-gallon increase.

Mr. President, I do not have a crystal ball. None of us do. We cannot say with certainty how many additional deaths will result from downsizing of the fleet or as a result of the passage of this bill, and I do not purport to do so. I can only hear and quote figures which the Insurance Institute provides to us.

But one thing is clear: Whether you want to dispute or even make fun of some very serious figures about death rates—and I hope nobody will do that, because the statistics here are very, very startling—there is a connection, an indisputable connection, between smaller cars and increased traffic fatalities. The numbers will be in dispute. And nobody has that crystal ball. What cannot be disputed is the relationship between the size of the car and the likelihood of a traffic fatality.

That conclusion has been reached by the Department of Transportation, the National Highway Traffic Safety Administration, and by independent researchers from the Insurance Institute, Harvard University, and Brookings Institution, and so forth.

Over the last 20 years, huge strides have been made to increase the safety of our highways. We have now collapsible steering columns, seatbelts, and shoulder straps. We have stringent Federal requirements for bumpers, headrests, windshield mounting, side door strength, roof crush resistance, and fuel system integrity. Many States now have mandatory seatbelt use requirements, and the domestic auto companies have all announced their intention to install airbags.

Despite these improvements, we still lose thousands of lives to traffic accidents every year. Last year alone, there were more than 45,000 motor vehicle fatalities.

Finally, Mr. President, what about reducing our dependency on imported oil, and what about addressing the greenhouse effect? We do indeed need a national energy policy.

I do not doubt that we can make reasonable increases in automobile fuel efficiency without excessive downsizing and without a significant increase in highway fatalities. But the experts agree—experts, again, that this committee relies on—and state that the standards in this bill are far too stringent to be met without significant across-the-board reductions in the size and weight of new automobiles. And it is indisputable that downsizing will lead to a substantial increase in highway deaths.

That is not acceptable. I hope our colleagues will join me in opposing S. 1224 and working instead for a comprehensive and balanced national energy policy that will include increased conservation and efficiency in the transportation sector as one of its many elements.

Again, let me close by commending my friend from Nevada for his tremendous interest in trying to do something about the quantity of oil that we import. I happen to agree with that goal. I am glad he is putting so much of his great talent into that goal.

While we may disagree as to whether or not this bill and the standards in it are technically feasible without downsizing, and we will be debating that over the next few days, it is very certain in my mind that our colleague from Nevada is indeed generally moving in the right direction when he focuses the attention of this country on the need to reduce the dependency on imported oil.

I yield the floor.

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. BRYAN. I thank the Chair. Let me respond that my good friend and colleague, the distinguished Senator from Michigan, has been most generous in his comments about our efforts. He is correct that, with respect to the data that is available, we do reach different conclusions. Knowing his own personal integrity, I know they are honest differences of opinion, and I know he is genuinely interested in energy conservation. And when he speaks on issues of safety, I know those are issues of personal concern to him.

Our differences are with respect to the facts, as the committee, those of us who by a vote of 14 to 4 processed this through the Senate Commerce Committee this year, interpret those facts.

Central to the argument my friend makes, and others have made in oppo-

sition to this, is the premise that to accept the Bryan bill requires downsizing. I say with the greatest respect to my friend from Michigan, and others who have reached that conclusion, I disagree. I disagree most strongly.

Let me invite the attention of my colleagues to a technical report issued by the Environmental Protection Agency in May 1989. This report concludes that if we take the most fuel efficient model presently available today in each size category, big cars, large cars, luxury cars, however you want to characterize it, but the large cars, and if you take the most fuel efficient model that is available today in the midsize range and take the most fuel efficient automobile that is presently available on the American market in the smaller size automobiles, what is presently on the market, and if all of the automobiles in those respective size classes attain the best fuel economy that the best in that class can achieve today, we would achieve a 33.9-mile-per-gallon fuel fleet average. That is with the existing automobiles, but the most efficient automobile in fuel consumption in each of those classes, the large size, mid-size, and compact.

Mr. President, legislation which we have processed through the Senate Commerce Committee requires the industry to reach that standard on a fleet average not until the year 1995, when the requirement would be 34 miles per gallon or one-tenth of a gallon more than is presently available, if one chooses the most efficient, from an energy consumption point of view, automobile available in each size class presently available today.

With respect to the technology, the report of the Lawrence-Berkley Labs, that is the work that was done by Profs. Marc Ross and Mark Ledbetter of the University of Michigan, CAFE levels of 40.1 miles per gallon are feasible by the year 2000 if the size and performance are held at the 1987 levels.

That study assumes no down-sizing based upon the 1987 size choices available to the American consumer. Just back 3 years, we all had a choice of full-sized family passenger sedan; we had the choice then of the mid-sized; and we had the choice of the small automobile.

Professors Ledbetter and Ross conclude that a 40.1-mile-per-gallon fleet average is feasible by the year 2000 with those 1987 cars. Frequently it is said that those who are engaged as consultants do not know whereof they speak. They are not the ones that are making the parts that go into the automobiles; they are not the folks that are on assembly lines; they are not the people who are in the business.

I respond, Mr. President, by inviting my colleagues' attention to testimony offered by industry suppliers, individuals who supply the component parts that go into our automobiles. In a subcommittee hearing in September of last year, they concluded that CAFE levels of 33 miles per gallon in 1995 and 41 miles per gallon by the year 2000 were feasible.

My good friend makes reference to Mr. Duleep's study, and he correctly shares with all of us that Mr. Duleep did in fact modify his report from what was originally submitted. I point out, however, that Mr. Duleep's revision is a rather minor revision. Mr. Duleep says that in looking at the data, the size and the performance, if held at 1987 levels, he would reduce by 1.5 miles per gallon less than his original analysis.

Reasonable people can argue that the original analysis was more correct, or they can argue that the revision is also the one that is more correct. But I think it is important for our colleagues to understand that we recognize that in projecting to the year 2001, it is difficult to be precise. The evidence is overwhelming. It is compelling and it is persuasive that indeed these standards can be achieved. But we provide in that legislation discretionary authority for the Secretary of the Department of Transportation to grant a waiver if indeed the industry, upon its application, can make the case that it is not possible to achieve that standard.

I might also go on to point out that the Department of Energy testimony before our committee indicated in May of last year that CAFE levels of 35 to 40 miles per gallon for automobiles was indeed achievable and attainable.

The entire predicate for the Insurance Institute for Highway Safety study is premised upon the downsizing of vehicles and is premised upon the acceptance of the industry's analysis of what it can achieve.

Mr. Duleep, whose name has been mentioned frequently during the course of this debate, reviewed that Insurance Institute study and concluded in a letter dated September 5 to the Senate Commerce Committee, as follows—I will read just a paragraph in the interest of saving time. I know my good friend and colleague, the distinguished Senator from Rhode Island, will want to speak very shortly, so I will try to keep my remarks abbreviated so he can do so.

Mr. Duleep concludes:

I have reviewed the Insurance Institute for Highway Safety's status report on fuel economy.

That is the report that my good friend, the distinguished Senator from Michigan, invited to our attention. And this, I think, is the operative and the key words that he goes on to make:

The technology benefit estimates largely reflect the industry line for most of the estimates, and IIHS does not appear to have any independent analysis backing its positions.

That is, that report makes the assumption that the industry's own self-analysis is the criteria by which this report should be judged.

I ask unanimous consent to print the full text of the statement by Mr. Duleep, the Director of Engineering for the Energy and Environmental Analysis group, that is contained in the September 5, 1990, letter to the Commerce Committee.

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

ENERGY AND ENVIRONMENTAL ANALYSIS, INC.,
Arlington, VA, September 5, 1990.

MS. LINDA LANCE,
Senate Commerce Committee, Hart Senate Office Building, Washington, DC.

DEAR MS. LANCE: I have reviewed the Insurance Institute for Highway Safety's (IIHS) Status Report on Fuel Economy. The technology benefit estimates largely reflect the industry line for most of the estimates, and IIHS does not appear to have any independent analysis backing its positions. The following points should be noted:

Weight reduction—the IIHS claim of 5 percent benefit for 10 percent weight reduction is only true if no other changes in axle ratio or engine size are included. This would imply increasing performance; at constant performance, the benefit is over 7 percent. Moreover, the IIHS claim that a 10 percent weight reduction may not be possible is contradicted by industry (e.g., Metalworking News Conference, Dec '89) representatives and several other published estimates.

Aerodynamic Drag—IIHS appears to have no specific knowledge of C_D values (co-efficient of drag) for current cars. The most popular cars such as Taurus, Lexus, etc. have C_D values 15 to 20 percent lower than the average in 1990. Moreover, the Lexus LS400, which has the lowest C_D value of any production car (0.29) sold in the U.S., does not involve any "radical change" in styling as claimed by the IIHS.

Camshaft—the IIHS is incorrect in assuming that OHC engines are more efficient because of fewer moving parts. Most of the benefit is associated with the higher Brake Mean Effective Pressure (BMEP) possible, allowing a small OHC engine to replace an OHV engine with no loss in performance.

4-valves per cylinder—again, the IIHS analysis ignores the displacement reduction potential with 4-valves per cylinder and the increased compression ratio possible due to the central spark plug location. Detailed calculations of touque/displacement increase, axle ratio change and displacement reduction potential were utilized to compute the 5 percent benefit for 4-valve over a 2-valve OHC engine. The details of the computation were supplied by Japanese auto manufacture, who presumably knows more about this technology than anybody else.

Fuel injection—the IIHS estimate ignores the potential for declaration fuel shutoff and the use of tuned intake manifolds when considering multipoint fuel injection.

4-speed Automatic Transmission—IIHS benefit estimates for four speed transmissions are not in agreement with the benefits seen in 1988/89 cars, based on EPA's "paired" analysis of production cars which

offer both 3-speed and 4-speed transmissions as options.

CVT—the IIHS argument is difficult to follow—does it suggest the CVT will replace manual transmissions rather than automatic transmissions?

Front Wheel Drive (FWD)—the IIHS repeats industry's line, not recognizing that the only rear wheel drive (RWD) cars left in 1988 were those designed in the 1970's. The attached figure shows a comparison of 1988 RWD cars and FWD cars for what EEA calls "packaging efficiency" (weight per cubic feet of interior volume). The actual 1988 data contradicts the IIHS assertion that the a large weight reduction is not possible if interior volume is maintained constant.

We are, of course, familiar with these arguments as they are identical to those expressed by the manufacturers at the meeting held in January 1990. Independent witnesses at the January meeting will corroborate our statement that most of the criticisms are unjustified as EEA provided considerable data to backup the estimates. EEA has also provided a detailed analysis of synergistic effects, showing that there is no double counting of benefits and that there are models available today that are already close to the EEA projected value of fuel economy for the specific size class in 2001.

Separately, the IIHS makes some reference to the decreased safety associated with increased performance. In fact, many of the technology improvements are being utilized today to improve performance while maintaining near constant fuel economy. If CAFE standards reduce performance, safety could actually be enhanced!

If you have any questions, please feel free to call me.

Yours sincerely,

K.G. DULEEP,
Director of Engineering.

Mr. BRYAN. Finally, just agains%t trying to be abbreviated so others can speak, let me talk about the issue of safety. That is a legitimate issue.

My friend, the distinguished senior Senator from Michigan, earlier said, "Look, let us put safety on the table." He went on to make the argument that in effect those of us who are supporting the CAFE legislation want to hide safety, keep it in the backroom, not bring it out.

Let me say to my colleagues in response that the same subcommittee that processed CAFE legislation a year ago processed the legislation for the reauthorization of the National Highway Traffic Safety Administration.

I indicate that in that piece of legislation, which was enacted approximately a year ago, there are some safety standards that would be incorporated in that piece of legislation which the auto industry opposes. That legislation presently languishes in the other body, having been approved nearly a year ago.

So if safety is our concern, and I believe it sincerely is, by our colleagues who have spoken about this issue, let me tell you the kind of safety requirements that the industry is impeding from going forward. The rear seat lap-shoulder belts, front seat passive restraints, airbags, side impact protection, head injury protection, rollover protection, light truck head restraints, light truck roof standards, light truck crash-worthiness standards, and light truck passive restraints.

So to put this issue of safety to rest, whether you agree with CAFE or disagree with it, I think we all ought to get behind the effort and persuade our friends in the auto industry to send a letter to the committee of jurisdiction in the other body and say, look, now is the time to do something about safety, and let us enact the legislation processed by the Commerce Committee nearly a year ago. That is what we can do to improve safety.

Finally, let me indicate that with respect to the safety issue, during the period of time that the CAFE standards required by the 1975 legislation were being phased in, the record will reflect that the fatality rate on the Nation's highways in terms of the percentage of passenger miles traveled declined; it went down. It went down, Mr. President.

And further, let me point out something with which I think all would agree, that increased horsepower is an extended correlation of increased accidents and passenger fatality rates. And here is what the industry is doing and why we need to take the action that we take now.

In the past 2 years since 1988, the industry has increased the weight of the automobile fleet by an average of 6 percent; fuel economy has declined by 4 percent; and horsepower, Mr. President, has increased by 10 percent. May I say with respect to the industry, this is clearly the wrong direction, and that increase in horsepower, if safety be our operative consideration, runs directly counter to the evidence of what we need to do to make automobiles safer.

Mr. President, there is just one other point that I would like to make, and that is there has been an argument that there is cost involved. There is indeed cost involved in making these kinds of changes. The evidence that the committee received indicated that cost was rather modest and would be recoverable in a very few years of automobile ownership as a consequence of improvements in fuel economy.

And I must say that those arguments and those calculations were made long before the rapid runup in prices that we have seen since the invasion of Kuwait by Iraq. The savings would be even greater.

I daresay that a recalculation would indicate that they are practically a wash.

But let no one be misled that there are not some costs in continuing what we are doing right now. There is a cost in sending the 101st Division to the Middle East, the 24th Mechanized Division, the cost of sending a carrier task force, the *Eisenhower,* the *Independent,* the *Saratoga,* the battleship *Wisconsin,* the tens of thousands of troops that we presently have deployed in the Middle East.

I have said, and I will not speak to an extended extent on this, that I think the President has acted decisively and effectively, and I support his Middle East policy. But let no one be misled. We are in the Middle East because we have defined it as a critical issue because of our dependence on oil, and we have increased by twofold the import from that region on the world since the 1973 oil embargo.

Finally, if I may, it has been suggested by some who oppose it that there was a series of mistakes made in the 1970's with respect to energy policy. One of our colleagues said CAFE was such a mistake. What a mistake, Mr. President. As a consequence of the Congress' not yielding to the very arguments that have been made here on the floor this afternoon—the downsizing, that families will not have a choice, that safety has been compromised—Congress took the courages and responsible decision in response to that 1974 legislation and enacted it. And as a consequence, Mr. President, we reduced by 2.5 million barrels of oil per day the amount of oil that would be consumed in this country. So when we are talking about our consumption today of about 17.3 million barrels a day and how we are dependent today on 50 percent of our petroleum requirements from overseas, may I suggest that our problem would be even more compounded by some 2.5 million barrels of oil per day had the Congress not taken the steps that it took in in 1970's.

The Congress once again has an opportunity to do something that is responsible in terms of energy independence, responsible in terms of environmental concerns, responsible in easing a trade deficit that will grow in direct proportion to the increase in the price of oil in the international market by adopting the legislation passed by this committee.

I thank the Chair.

Mr. LEVIN. Will the Senator yield for a brief comment or perhaps a question?

Mr. BRYAN. I am delighted to yield.

Mr. LEVIN. Mr. President, my comment is this. There has been reference made to the Duleep study. And the factors are, as we can best determine them, that the Duleep study as originally issued does not support the CAFE standards in the committee bill. There is a significant difference between the original Duleep figures and the bill. To give you just two examples: The bill provides for 33 miles per gallon by 1995 and 38.5 miles per gallon by 2001. The Duleep original figures are 31.6 and 34.3; in other

words, from 2 to 4 miles per gallon less than the committee bill. The modified Duleep figures are even further distant from the committee's numbers. I am wondering whether or not my friend from Nevada would agree at least to that much.

Mr. BRYAN. If I may respond, Mr. President, there was an original assessment by Mr. Duleep, and I agree with my friend that it was revised. What Mr. Duleep did in June 1990, that is, after the speech and the address which the distinguished Senator from Michigan made before the Society of Automotive Engineers, is he indicated at that point, in a report entitled "An Assessment of Potential Passenger Car Fuel Economy Objectives for the Year 2010," prepared by the Energy and Environmental Analysis, Inc.—that, as the distinguished Senator knows, is the business name under which Mr. Duleep and his colleagues do business—that in his view, fleets can continue to improve to a little over 38 miles per gallon in the year 2001. That represents the 1.5 mile per gallon difference which I believe the Senator had reference to. He then goes on to say that he believed that over 45 miles per gallon could be obtained by the year 2010.

I would simply say in response to my friend that I believe he is correct in that he revised this figure downward but that it is still within the range of our bill because the Secretary of Transportation, if that proves to be the more accurate of the assessments, has the power to grant a waiver of 10 percent. So that would be within the revised range. And, indeed, I point out that he believes by the year 2010 more than 45 miles per gallon could occur without any major change.

Mr. LEVIN. So we can compare apples to apples, and I am trying as hard as I can to do that.

Mr. BRYAN. I appreciate that.

Mr. LEVIN. There are several reports, and I assure the Senator I am not trying to be difficult with him. I wonder if we could not agree that the figure, in effect, for the year 2001 in the bill was 38.5, and in the Duleep original report, he says, was 34.3, and the modified Duleep estimate was 32.4. Could we agree on those three numbers as reflecting what Mr. Duleep says is technically feasible?

Mr. BRYAN. The Senator has asked a very fair question. I assure him that before the gavel goes down this evening I will examine my figures. I do not want to make a hasty conclusion and then have him rely upon that and then tomorrow when we resume debate indicate that I have misspoken. I just share with him that the original work done by Mr. Duleep was for the domestic fleet only so that there may be some difference in the numbers the way we phrase it. But I assure my friend and colleague that, indeed, we will get back and that I will have my staff confer with his staff as we let our colleague from Rhode Island proceed, if that is the pleasure of the Chair.

Mr. LEVIN. If my friend will yield further, I think it would be very helpful for this debate if he would agree at least on these figures. The Duleep analysis is critical to the committee's report. DOE based its report on it, DOT in part upon it, and the committee in part on it. I think it is important that we have a common set of numbers for at least what he found and what his study showed. I would propose these numbers, and then perhaps the Senator's staff or the Senator could modify them.

I appreciate what the Senator has offered to do. Two sets of numbers which I would propose to you are the following: For 1995, the bill provides 33 miles per gallon, the original Duleep estimate is 31.6, the Duleep modified estimate is 28; for 2001, the bill provides 38.5, the original Duleep figure is 34.3, and the modified Duleep figure is 32.4. Those are the figures which I would appreciate the Senator's confirming as being the Duleep estimates or, if not, indicate why he might disagree.

Mr. BRYAN. I will do that. I would, however, like to make it clear to my colleague that although the Duleep numbers are, in fact, a part of the committee's deliberations and considered judgment, that was not the only information we relied upon. There were indeed other independent analyses that confirmed the data that we had, and we can discuss that at an appropriate time.

Mr. LEVINE. That will be a subject of debate. It is just how heavily you relied on Duleep figures and other agencies did. I think the report is quite clear that that is the principal outside source, but we can debate that later.

I do ask unanimous consent, Mr. President, that excerpts from two letters, one from the Secretary of Energy, dated June 15, 1990, and one from the Secretary of Transportation, dated March 7, 1990, be printed in part in the RECORD at this time, both of which read and conclude that the CAFE requirements of this bill could not be achieved without significant downsizing. I ask unanimous consent that excerpts of these two letters be printed in the RECORD.

There being no objection, the excerpts of the letters were ordered to be printed in the RECORD, as follow:

Hon. ERNEST F. HOLLINGS,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, DC.

* * * * *

In fact, DOE analysis indicates that the CAFE requirements that this bill would place on U.S. manufacturers could not be achieved without significant changes to the size mix and performance of their vehicles. These changes would cause significant economic losses to domestic manufacturers. Consumers would be unable to purchase the vehicles that meet their requirements and could face increased risk of injuries and fatalities due to reduced vehicle weight and size.

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Hon. QUENTIN N. BURDICK,
Chairman, Committee on Enviroment and Public Works, U.S. Senate, Washington, DC.

* * * * *

Technical feasibility. The technical feasibility of achieving CAFE standards at the levels outlined in the amendment, without significant vehicle downsizing, has simply not been demonstrated. Most readily available techniques for improving fuel economy (e.g., front-wheel drive, four-speed automatic transmissions, aerodynamics) have already been implemented in much of the U.S. fleet. The Administration believes that continuing application of those technologies will provide only modest CAFE improvements—much lower than suggested by proponents of this amendment. The proposed CAFE standards would surely require significant additional downsizing of both the passenger car and light truck fleets.

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Mr. LEVIN. Again, I am very grateful to my always courteous friend from Nevada.

Mr. HATFIELD. Mr. President, 3 years ago, I put together a report for my constituents on U.S. oil and energy policy entitled "Running on Empty." I warned in that report that the consequences of ignoring our increasing dependence on oil generally, and imported oil specifically, could be disastrous. I warned in that report that gas lines could soon return—and worse, that lines of young American men and women would one day be formed to defend foreign oil supplies.

At the time, however, the price of a gallon of gas was hovering around a dollar—and the political will to develop a responsible national energy policy had crumbled under the weight of our own complacency.

As tens of thousands of troops converge on the deserts of Saudi Arabia and Kuwait, all that has changed.

Mr. President, another chapter in the long history of oil politics is now being written.

The United States was not always in this current position of dependency and vulnerability. In fact, 50 years ago the United States was exporting 140 million barrels of oil annually.

In 1941, Japan had been at war on the Asian mainland for 10 years and President Franklin Roosevelt demanded that the Japanese withdraw from Indochina or face an embargo of all United States oil products. When the Japanese refused, President Roosevelt carried out his threat and the United States imposed a strict embargo on that country.

Because Japan had virtually no oil of its own, the Nation's leaders were left with few options. Japanese oil reserves would supply their combat needs for less than 2 years, and they were unwilling to abandon their goal of creating the "Greater East Asia Co-Prosperity Sphere." The vast oil supplies in the Dutch East Indies became their logical target, but United States Army troops in the Philippines stood between Japan and the oil. The only source of protection for those troops was the U.S. Pacific Fleet in Pearl Harbor. Of course a number of forces contributed to the war, but the events of December 7, 1941, speak volumes about the lengths to which the need for oil can drive a nation's foreign policy.

As long as the United States was a net exporter of oil, we were not vulnerable to oil embargoes and the need for oil did not dictate the conduct of U.S. foreign policy. But today the United States is not a net exporter of oil—in fact, the United States imported fully 50 percent of its oil in the first 6 months of this year. Nowhere are the implications of American dependence on imported oil more clear than in the Persian Gulf.

Although less than 10 percent of United States oil imports are shipped through the Persian Gulf, more than 50 percent of the oil imported by some of America's major allies is transported through those waters. Under the International Energy Program created in 1974, the United States is obligated to share its oil with 17 Western European nations, Japan and Australia if their oil supply is disrupted. The strategic importance of the Persian Gulf region is underscored again by the fact that more than half the known remaining oil reserves in the world lie in Saudi Arabia, Kuwait, Iran, Iraq, and several other Gulf States.

For these reasons, the current United States military presence in Saudi Arabia and throughout the Persian Gulf is not without precedent. President Richard Nixon and later President Jimmy Carter suggested that nuclear retaliation could be considered an appropriate response to the closure of the Persian Gulf. Only 3 years ago, more than 40 United States Navy warships and more than 17,000 U.S. servicemen patrolled the gulf as part of the United States reflagging and escort of Kuwaiti tankers during the Iran-Iraq war.

I did not come to the floor today to pass judgment on current military operations in the Persian Gulf and Saudi Arabia. I came here today to offer my support for Senator BRYAN's legislation and to plead with my colleagues to seize this opportunity to begin looking at the larger issue: the urgent need for a responsible and comprehensive national energy policy.

While recent events have focused a spotlight on the need for such a policy, I must note for the record that this is not a new issue. We have, I am afraid, been down this road before. In fact, although U.S. oil imports have reached an all-time high, U.S. dependence on imported oil has been a significant problem for at least two decades. During that period, however, the political and national will to reduce that dependence has fluctuated dramatically.

Once the leading exporter of oil in the world, the United States had become dependent on other countries for 39 percent of its oil supply by 1973. When the price of oil more than doubled that year from $4 to $9 a barrel because of an OPEC oil embargo, gas lines formed and the GNP fell by 2.5 percent over the next 3 years. By 1977 the United States was importing 48 percent of its oil. A second OPEC embargo 2 years later caused prices to skyrocket and gas lines to form again. When the price of oil rose to $37 a barrel in 1981, the economy suffered and the GNP fell by 3.5 percent.

By developing alternative energy sources, increasing domestic oil production and instituting a new conservation effort, we reduced our reliance on foreign oil to 31 percent as recently as 1985. But that trend again has reversed as Americans have been lulled into complacency by low gas process. In fact, the United States now produces less oil than is needed to operate all the cars, buses and airplanes in this country. As Senator BRYAN has pointed out, the average fuel economy of cars in this country actually has begun to fall. It will come as no surprise to some of my colleagues that the United States is now 49-percent less energy efficient than Japan.

The level of Federal support for the research and development of renewable energy and alternative energy sources over the last decade reflects this trend. In 1980, the United States spent $560 million for the research and development of solar energy—in 1990, Federal support fell to $90 million. Between 1980 and 1990, Federal spending for the research and development of other renewable energy sources fell from $273 million to $48 million. Spending for the research and development of coal technologies fell from $755 million to $275 million over the same period.

Although Congress was able to prevent the Reagan administration from abolishing the Department of Energy, it was all my colleagues and I could do to prevent these research and development programs from being zeroed out. Had the administration had its way, that is exactly what would have happened.

We cannot stop the march of civilization any more than we can change the fact that energy fuels our economy and our entire lifestyle—in the Pacific Northwest, across the United States and around the world. If we are going to avoid spilling the blood of America's children in the deserts of the Middle East now and in the future, we must reduce our dependence on imported oil and indeed on all oil. We must begin by examining our options carefully and honestly.

That is what we are doing here today, and I compliment Senator BRYAN for his leadership. The transportation sector in this country consumes roughly 60 percent of the oil used in this country every year. Given that fact, investing in public transporation, encouraging people to car pool, expanding conservation efforts and demanding higher fuel efficiency all make eminent good sense. All those things should be elements—top priority elements—of a national energy policy.

As as aside, I must note that I would rather approach this issue from a different direction—I would rather we increase CAFE standards in a way that does not punish car manufacturers who have already achieved high fuel efficiency standards. But given the choice between the approach before us today and doing nothing at all, there seems to be no choice at all. We simply must act.

The situation our young people face in the Middle East today is dangerous indeed. But we are in a dangerous situation too, Mr. President. As a nation, we are flirting with social and economic disaster. The legislation we are considering today will not solve the problem. It is a first step on a very long road toward the development of a viable and responsible national energy policy. It is the first step on a long road we should have begun traveling a long time ago.

What I said in my report 3 years ago bears repeating: If we do not act now to institute a comprehensive national energy policy designed to reduce our dependence on foreign suppliers, the results may prove disastrous. I pray that it is not too late.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, the procedural situation we are in here now is this. Actually we are in morning business, but the question that is going to come before us is whether to have cloture on the motion to proceed.

Mr. President, I am going to vote for cloture because I have never believed in extended debate or filibuster on motions to proceed. I think we ought to get on and talk about the bill. Then, when cloture comes up on the bill itself, well, that is a separate matter. But I have always believed in proceeding to the consideration of legislation.

Beyond that, Mr. President, I believe that the distinguished Senator from

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Nevada is correct in the legislation he has brought before the Senate. Last spring he, the chief author of this legislation, the junior Senator from Nevada, offered S. 1224 as an amendment to the pending clean air legislation. That was last spring. He withdrew that because it tied up the clean air legislation and he received assurances from the Senate majority leader that the Senate would later debate the bill or at least attempt to bring it up.

So it seems to me, Mr. President, the time has come for that debate to take place. This is an important piece of legislation. It is important for two reasons: If passed, it will reverse our increasing dependency on foreign oil; and, second, if passed, it will reduce the buildup of greenhouse gases that are taking place throughout the world, but especially the contribution to those greenhouse gases that is occurring in the United States of America.

It seems to me pretty clear that the events in the Middle East have brought home to us once again the consequences of indulging our appetite for foreign oil. Fuel efficiency in both the domestic fleet—but more important, the imported fleet, the imported automobiles that are coming to the United States—has declined. We would think with all the warnings we received in the 1970's, that everybody would say we have to have these cars more fuel efficient. That is what we need. We ought to keep pressing toward that goal. We ought to increase the standards.

But, what actually has happened in the past several years is that the fuel efficiency has not gone up, it has gone down. In 1983 the fuel economy of the imported fleet was a little over 32 miles per gallon. In 1989 the efficiency was not 32-plus miles per gallon, but 30.6 miles per gallon; a loss of a mile and a half per gallon.

Compounding the problem of the decline in the fuel economy in the U.S. vehicle fleet is the following. This is something we learned in the clean air debate. What is happening in the United States of America is not only are there more automobiles on the road—and we might agree with that, that seems logical, we have more people so we have more cars—but the extraordinary fact is that every car is being driven more miles. That is what is called the vehicle miles traveled.

I can remember as a child, my family had a car and that car would stay in the garage except on Sundays. My father went to work on the streetcar. The rest of us all went to the local schools.

But now the mother has a car, the father has a car, they are driving the children around, jitneying them to school. The cars are used every day of the week, driven innumerable miles. Of course with the increase of suburbia that we all recognize has occurred, more and more miles and driven just to get to work. Everyone who drives to work who takes a look around, they see automobiles with one person in them. I am like everybody else. I drive my car in from McLean, VA, 15 miles each way, no passengers; and we see the same in the other cars on the road.

So what do we see in the United States? The vehicle miles traveled increases by about 100 percent every 20 years. That is what happened from 1970 to 1990. And between 1990 and the 2010, it is expected that the vehicle miles traveled will double again.

This bill presents the opportunity to make some changes as far as the amount of gasoline consumed by these vehicles that are traveling so many miles. If the fuel efficiency standards in this bill are adopted, we are going to reduce the consumption of oil. I suppose there are varying estimates that have been made; the ones I see indicate we will reduce the consumption of oil by about 3 million barrels per day by the year 2001. Those are significant reductions. The reductions that will occur if the standards imposed by this legislation are adopted will mean that we will reduce the consumption of oil by nearly 3 million barrels a day—not a week, not a month, not a year—a day; 3 million barrels a day by the year 2001.

Not only does our increasing consumption of gasoline make us, obviously, more dependent on foreign oil, it also increases emissions of carbon dioxide into the atmosphere. Carbon dioxide is the key offender in the greenhouse effect—the warming of the globe. This is a problem that is now recognized by the world community and that we are attempting to address.

The World Resources Institute estimates that if there is no improvement in new car fuel efficiency and if the current growth rate in vehicle miles continues, the carbon dioxide emissions in the United States, from U.S. cars, will grow by 35 percent between the year 1986 and the year 2005. In other words, in 20 years the carbon dioxide emissions from the United States alone, from our automobiles, will increase by 35 percent.

So, Mr. President, there are compelling reasons to reduce our dependence on foreign oil and to make progress in reducing the carbon dioxide emissions. This legislation, S. 1224, is a good step in addressing both of these vexing problems. So I urge not only a vote for cloture but for passage of this important legislation.

I thank the manager of the bill, the chief sponsor of the bill, the author of it, and wish him success in his efforts.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. BRYAN. Mr. President, I thank the distinguished Senator from Rhode Island for his support and for his very generous comments. It has been a pleasure working with him as we worked together on the clean air bill and he was so gracious to offer his support on this pending legislation.

I do not know of any other Senator who seeks recognition at this point. Seeing none, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

IMPOSING A CEILING ON STATE INCOME TAXES

Mr. MOYNIHAN. Mr. President, I am today releasing a study by the Congressional Research Service of the administration's proposal to place a $10,000 ceiling on the Federal tax deduction for State and local income taxes. The study, "Imposing a Ceiling on State Income Taxes: Horizontal Equity and Other Issues," outlines the income levels at which taxpayers in the 50 States and the District of Columbia would be affected by the administration's proposal. The results show a wildly disproportionate impact across the country. The proposal, designed to raise taxes on wealthy taxpayers as part of the deficit-reduction package, would do so only in the most arbitrary fashion. For example, taxpayers in Illinois would not be affected by the limit until their incomes exceeded $333,000, while taxpayers in the seven States without income taxes would be completely unaffected, regardless of income. By contrast, taxpayers in Hawaii would begin paying higher Federal taxes once income exceeded $88,625. Citizens of the hardest-hit State, North Dakota, would be hit once income exceeded $84,293.

The goal here may be to improve the progressivity of Federal taxes, but the results are mindless. A provision that raises taxes for North Dakotans at $85,000, leaving Illinois residents untouched until they are making over $330,000, and still others unaffected no matter how high their income, is absurd as tax policy and hopeless as to equity.

The eight hardest hit States with the income point at which their citizens would owe higher Federal taxes under the administration proposal are: North Dakota, $84,293; Hawaii, $88,625; Montana, $104,909; District of Columbia, $110,526; Iowa, $111,122; Oregon, $112,667; California, $121,419; and Maine, $124,000. New York State would rank 15th in adverse impact. Its residents would owe higher Federal

taxes once income exceeded $137,467. By contrast, seven States have no State income tax, and their residents would be unaffected by the $10,000 deduction limit, regardless of their income level. Among those States with income taxes, individuals in five States would experience no Federal income tax increase until their incomes exceeded $200,000—Mississippi, $203,000; Michigan, $217,391; Indiana, $294,118; New Jersey, $302,857; and Illinois, $333,333.

A study, prepared by Dennis Zimmerman, specialist in public finance, Economics Division, Congressional Research Service, describes the proposal as "a very inequitable approach for targeting revenue-raising deficit-reduction measures to higher-income individuals."

I would urge my colleagues, particularly those involved in the ongoing budget summit negotiations, to consider these findings carefully.

Mr. President, I ask unanimous consent that the text of the study be printed in the RECORD.

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

[CRS Report for Congress, Sept. 13, 1990]

IMPOSING A CEILING ON THE DEDUCTION FOR STATE INCOME TAXES: HORIZONTAL EQUITY AND OTHER ISSUES

(By Dennis Zimmerman, Specialist in Public Finance, Economics Division)

SUMMARY

It has been proposed that a ceiling of $10,000 be imposed on the State and local income tax deductions Federal taxpayers use to reduce their Federal taxable income. This proposal reflects a desire to impose a tax increase on high-income individuals while leaving middle-and-lower-income taxpayers unaffected, a desire spurred by changes in the distribution of the Federal tax burden over the 1980s that increased the effective tax rate on lower-income classes and decreased the effective tax rate on higher-income classes.

The potential for horizontal inequity from this proposal is illustrated in two ways. First, estimates are made of the State income tax payments of single taxpayers with $125,000 of State taxable income. The average State tax payment is $7,119, with a range from zero to almost $16,000. Eight States have income tax systems that impose $10,000 or more of tax liability on single individuals earning $125,000. Second, estimates are made of the level of income at which the ceiling would become effective for a single taxpayer in each State, that is, the level at which tax liability equals exactly $10,000 in State income taxes. This threshold income averages $161,582 (among those States with income taxes). The threshold income at which the ceiling would become effective ranges from $333,000 in Illinois to $84,000 in North Dakota.

These numbers generate large interstate differences. For example, all single individuals with Hawaii taxable income in excess of $88,625 would be paying higher Federal income taxes. All New Jersey citizens with taxable income less than $302,857 would not be paying higher Federal income taxes. Of course, some of this differential is attributable to the relationship between Federal adjusted gross income and State taxable income, but the threshold incomes presented in this report are unlikely to be explained away by differences in income definition. Imposing a ceiling on State income tax deductions appears to be a very inequitable approach for targeting revenue-raising deficit-reduction to higher-income individuals. If distributional goals are a primary consideration, more direct methods are available that would include all higher-income individuals in the tax net. An obvious solution is to raise the marginal tax rate of the highest taxbracket.

The report goes on to discuss three potential effects the ceiling proposal might have on State and local fiscal choices. The discussion suggests that the effect on two of these fiscal choices, State and local spending levels and tax structure, depends upon the number of taxpayers affected by the proposal and their degree of political influence over fiscal policies. It is clear from the income levels calculated in the horizontal equity discussion that the number of taxpayers in each State that would be affected is likely to be very small; but the income and wealth of these taxpayers suggest that they are likely to have substantial political influence. Nonetheless, it is judged that the proposal would have a relatively small effect on spending levels and tax structures. However, the proposal would increase the magnitude of interstate tax differentials at the highest State marginal tax rates, thereby increasing the effects of interstate tax competition.

IMPOSING A CEILING ON THE DEDUCTION FOR STATE INCOME TAXES: HORIZONTAL EQUITY AND OTHER ISSUES

The Congressional Budget Office estimates that during the 1980s the effective Federal tax rate decreased for higher-income taxpayers and increased for lower-income taxpayers.[1] As a result of such distributional concerns, some policymakers want to structure revenue-raising contributions to deficit reduction in such a way that the 1980s' tilt of the Federal tax burden away from higher-income individuals is partially rolled back or at least not made worse. One of the revenue-raising options being considered by the budget deficit reduction negotiators is the deduction for State and local income taxes. A proposal has been made to limit an individual's deduction for State and local income taxes to $10,000, a proposal that is obviously consistent with a desire to impose a tax increase on high-income individuals while leaving middle-and-lower-income taxpayers unaffected.

The deduction for State and local taxes was discussed and analyzed in considerable detail in the years immediately preceding the passage of the Tax Reform Act of 1986.[2] Those analyses evaluated deductibility's economic effects on the State and local sector, and assessed proposals to curtail deductibility within that framework. Eventually, the deduction for general sales taxes was eliminated by the 1986 Act.

The current proposal raises two problematic issues. The most important of these issues concerns horizontal equity, the degree to which the set of all high income taxpayers would be treated equally by this proposal. A second issue concerns the economic effects on the State and local sector. Would this proposal cause some states to revamp their tax structures; to reduce taxes and spending; or to intensify interstate tax competition?

HORIZONTAL EQUITY

As a general proposition, Federal income tax policy is blind to geographical considerations. Federal distributional concerns are focused on vertical and horizontal equity of taxpayers, without regard to place of residenc. If the object of this $10,000 ceiling propsal to limit deductibility is to raise revenues from higher-income taxpayers, then horizontal equity implies that all higher-income taxpayers should be treated equally.

When the vehicle for raising revenue is State and local tax deductions, geographical considerations are important to the pursuit of horizontal equity. Substantial interstate variations exist in both the level and composition of State and local tax deductions by State. These variations can cause itemizers with equal incomes in different States to experience very different changes in tax liability, depending upon which limitation proposal is selected. The proposal to place a $10,000 ceiling on an individual's State and local income tax deductions is fraught with horizontal inequity. The person in a high income tax State whose economic income generates State and local income taxes in excess of $10,000 will contribute extra Federal income tax of either $0.28 or $0.33 per dollar of State and local tax liability in excess of $10,000. The person of equivalent economic income in other States may pay no or little additional income tax: in a State with no State and local income tax, no additional Federal income tax will be paid; and in a State with a low income tax, the person will pay considerable less additional Federal income tax. In either case, equals are not treated equally.

This is more an academic concern. Table 1 presents estimates of interstate differences in State income tax liability. It should be noted that these estimates are based upon taxable income as defined in each State, with no allowance for interstate differences between taxable income at the Federal level and each State's definition of taxable income. Thus, the taxpayers in different States with equal taxable incomes may not necessarily have identical Federal adjusted gross incomes, and are not in that sense "equals." But the differences among State taxable incomes necessary to break through the ceiling that are identified in this table are far greater than can be explained by interstate differences in taxable income definition.

An overview of the information in the table is provided, followed by a discussion of the estimates. The second column estimates the State income tax liability for a single individual (or married taxpayer filing separately) with $125,000 of taxable income as defined by each State.[3] The third column asks "how much would the individual's State taxable income have to rise or fall to generate exactly $10,000 income tax liability?" The States are ranked by the numbers in this column, from the biggest increase in taxable income to the biggest decrease in taxable income. The fourth column adds this income change to the $125,000 of income on which column 2's tax liability is calculated to provide an estimate of the taxable income required in each State for the $10,000 ceiling to become effective for a single individual (or married taxpayer filing separately).

The average tax liability in the 46 States for which estimates are made (including the District of Columbia and the 7 States with no income tax) is $7,119, and the range is $15,931. Among those States with an income

tax, Illinois citizens reporting $125,000 of taxable income had the lowest State income tax liability, $3,750; North Dakota citizens had the highest tax liability, $15,931. Only eight states have income tax systems that impose tax liability of at least $10,000 on citizens reporting $125,000 of taxable income: California, District of Columbia, Hawaii, Iowa, Maine, Montana, North Dakota, and Oregon.

These figures are interesting, but the image of the proposal's horizontal inequity can be sharpened by calculating the State taxable income level at which the ceiling would become effective. Column 3 is an intermediate step in that calculation, and presents the amount of income in excess of $125,000 that would be necessary to raise tax liability to exactly $10,000 (or, in the case of eight States, how much less income would be necessary to lower tax liability to $10,000). The largest required increase occurs in Illinois, where an individual must earn $208,333 of taxable income in excess of $125,000 to have tax liability of $10,000. In contrast, a North Dakota citizen would pay $10,000 of income tax with $40,407 less than $125,000 of taxable income.

The last column adds these required income changes to $125,000 to identify the income level at which the ceiling becomes effective. The average income level that generates $10,000 of tax is $161,582; the range is $249,000.[4] An Illinois citizen must have $333,333 of taxable income, a New Jersey citizen must have $302,857. In contrast, a North Dakota citizen with only $84,293 pays $10,000 of State income tax; a Hawaii citizen reaches the threshold with $88,625.[5]

TABLE 1.—1989 STATE INCOME TAX LIABILITY FOR SINGLE AND MARRIED FILING SEPARATELY TAXPAYERS WITH $125,000 OF STATE TAXABLE INCOME, RANKED BY INCOME CHANGE NECESSARY TO INCUR $10,000 OF TAX LIABILITY

State [1]	Tax on $125,000 State taxable income	Income change to incur $10,000 of tax liability	Income level for ceiling to apply
Illinois	$3,750	$208,333	$333,333
New Jersey	3,775	177,857	302,857
Indiana	4,250	169,118	294,118
Michigan	5,750	92,391	217,391
Mississippi	6,100	78,000	203,000
Alabama	6,210	75,800	200,800
Colorado	6,250	75,000	200,000
Louisiana	6,300	61,667	186,667
Nebraska	6,773	54,702	179,702
Virginia	6,938	53,261	178,261
Ohio	6,331	53,171	178,171
Kansas	7,039	49,769	174,769
West Virginia	7,000	46,154	171,154
Oklahoma	7,245	45,917	170,917
Missouri	7,275	45,417	170,417
Kentucky	7,300	45,000	170,000
Georgia	7,303	44,958	169,958
Arkansas	8,055	27,786	152,786
Wisconsin	8,482	21,908	146,908
South Carolina	8,470	21,857	146,857
Rhode Island	8,402	21,094	146,094
North Carolina	8,623	19,679	144,679
Utah	8,895	15,342	140,342
Delaware	8,931	13,883	138,883
New York	9,065	12,467	137,467
Arizona	9,110	11,128	136,128
Vermont	9,148	10,324	135,324
Maryland [2]	9,285	9,533	134,533
New Mexico	9,364	7,482	132,482
Minnesota	9,992	106	125,106
Idaho	9,998	30	125,030
Maine	10,085	(1,000)	124,000
California	10,333	(3,581)	121,419
Oregon	11,110	(12,333)	112,667
Iowa	11,385	(13,878)	111,122
District of Columbia	11,375	(14,474)	110,526
Montana	12,210	(20,091)	104,909
Hawaii	13,638	(36,375)	88,625
North Dakota	15,931	(40,707)	84,293
Nevada [3]	0	NA	NA
Wyoming [3]	0	NA	NA
Washington [3]	0	NA	NA
Florida [3]	0	NA	NA
Texas [3]	0	NA	NA
South Dakota [3]	0	NA	NA
Alaska [3]	0	NA	NA
Mean	7,119		161,582
Range	15,931		249,040

[1] Connecticut, Massachusetts, New Hampshire, Pennsylvania, and Tennessee are not included because their systems either tax only a small portion of income (capital gains, interest, and dividends) or apply different rates to different types of income.

[2] Includes surcharge for local governments.

[3] States with no income tax.

Notes.—Numbers in parentheses represent negative amounts; na—not applicable.

Source: CRS calculations based upon Advisory Commission on Intergovernmental Relations. "Significant Features of Fiscal Federalism; Volume 1: Budget Processes and Tax Systems." M-169, January 1990. Table 19, p. 51-56.

In practical terms, these numbers mean that, for example, all single individuals in Hawaii with Hawaii taxable income in excess of $88,625 would be paying higher Federal income taxes. All single individuals in New Jersey with New Jersey taxable income less than $302,857 would not be paying higher Federal income taxes. Hence, for taxpayers with incomes between $88,625 and $302,857, those living in Hawaii would pay higher Federal taxes under the proposal while those living in New Jersey would not. Of course, some of this differential is attributable to differences among States in taxable income definition, but differentials of the magnitude in column 4 of Table 1 are unlikely to be explained solely by taxable income differences. Imposing a ceiling on State income tax deductions appears to be a very equitable approach for targeting revenue-raising deficit-reduction measures to higher-income individuals. If distributional goals are a primary consideration, more direct methods are available that would include all higher-income individuals in the tax increase. An obvious solution is to raise the marginal tax rate of the highest tax bracket.

EFFECTS ON THE STATE AND LOCAL SECTOR

Capping State and local income tax deductions at $10,000 can affect three fiscal issues important to the State and local sector. This section discusses the economics of these fiscal issues. First is the possibility that the increased price of a State income tax dollar in excess of the ceiling (rising, for example, from $0.72 per dollar net of Federal tax deduction for taxpayers in the 28 percent Federal tax bracket to $1.00 per dollar with no Federal tax deduction) might cause a decreased willingness on the part of upper-income taxpayers to pay State and local taxes and generate a lower level of State and local spending. This effect depends upon the influence of those State and local taxpayers who lose tax deductions have upon State and local tax and spending policy. Given the income levels identified in Table 1 that would be necessary to lose tax deductions, it is clear that the number of affected taxpayers is going to be very small relative to all State and local taxpayers. Of course, these taxpayers' influence in the political process is likely to be disproportionately large due to their high level of income and, in many instances, wealth.

Although it is difficult to say with any precision how great the effect might be, the State and local tax price change introduced by the Tax Reform Act of 1986 did not seem to have a substantial effect on the level of State and local taxes and spending.[6] This proposed change is also likely to have a relatively small effect.

A second possible effect is that imposition of the ceiling might cause State and local governments to alter their tax structures because the tax price of the income tax net of Federal tax would rise relative to alternative State and local taxes such as the property and sales taxes. Recent research does suggest that substitutability between income and sales taxes is sensitive to deductibility-induced relative price differences.[7] Again, possible changes would depend upon the number of affected taxpayers and the degree of influence they exercise over the political process.

The third important issue is the likelihood that the effect of interstate tax competition might be intensified. Deductibility of State and local income taxes has the effect of reducing tax rate differences between States. For example, assuming a 25 percent Federal marginal tax rate (for ease of calculation), the differential (ignoring the Federal tax offset) between two States with top marginal tax rates of 12 and 8 percent is 4 percentage points. The tax rates net of the Federal tax offset are 9 and 6 percent, reducing the differential from 4 to 3 percentage points. This ceiling proposal would move this differential back to 4 percentage points for high-income taxpayers, the very group that tends to be most mobile and from whom corporate decision makers who make locational decisions are drawn.

FOOTNOTES

[1] Congressional Budget Office. *The Changing Distribution of Federal Taxes: 1975-1990.* October 1987; and CBO. *The Changing Distribution of Federal Taxes: A Closer Look at 1980.* July 1988.

[2] For a discussion of the major issues and economic effects, see Noto, Nonna A., and Dennis Zimmerman. Limiting State-Local Tax Deductibility: Effects among the States. *National Tax Journal.* December 1984; and Kenyon, Daphne. Federal Income Tax Deductibility of State and Local Taxes: What Are Its Effects? Should It Be Modified or Eliminated? *Strengthening the Federal Revenue System: Implications for State and Local Taxing and Borrowing.* Advisory Commission on Intergovernmental Relations, Report A-97. 1984.

[3] The choice of $125,000 is based solely on a desire to generate sufficient tax payments in some States to exceed the $10,000 threshold. The calculations in the table are based upon the description of 1989 State marginal tax rate structures in Advisory Commission on Intergovernmental Relations. *Significant Features of Fiscal Federalism, Volume 1: Budget Processes and Tax Systems, 1990.* M-169, January 1990. Table 19. Some States have since adjusted their rate structures, such as New York (reduction) and New Jersey (increase).

[4] In one sense, these figures are underestimates. The 7 states with no State income tax, if included in the calculation of average and standard deviation, would be represented by an infinitely large number. No level of income is sufficient to impose a $10,000 tax liability on the citizens of these states.

[5] These income levels are somewhat overstated for some citizens in the 11 States that allow local income taxes to be imposed, for these citizens would of course have a higher tax liability than is reported in column 2. In most of these local-tax States, the local tax is neither uniform nor universal for all citizens of the State.

[6] For a discussion of the mechanics of how the 1986 Tax Reform Act affected State and local tax prices, see Dennis Zimmerman. Federal Tax Reform and State Use of the Sales Tax, *Proceedings of the Seventy-Ninth Annual Conference, 1986, National Tax Association—Tax Institute of Amer-*

ica. 1987. For a discussion of the effect of these changes on State and local spending, see Daphne Kenyon. Implicit Aid to State and Local Governments through Federal Tax Deductibility. In *State and Local Finance in an Era of New Federalism*, Michael E. Bell, editor. JAI Press. 1988.

[3] See Mary N. Gade and Lee C. Adkins. Tax Exporting and State Revenue Structures. *National Tax Journal*. March 1990.

PROPOSED BEER TAX INCREASE IS AN OUTRAGE

Mr. BOND. Mr. President, I add my voice to the literally millions of Americans who are outraged by the rumored proposal to raise the beer tax from the current 16-cent tax on a six pack to 64 cents, and almost 400-percent tax increase. The tax on beer is already three times more than the tax on other products that they purchase, and now there is discussion of a 400-percent increase on top of that. That just does not make any sense.

The average price of a six pack already costs more in taxes than in raw material and labor combined, and State beer tax collections have risen nearly 650 percent since 1950. To me it seems that this screwball proposal will single out one class of Americans who drink beer and say, "You are more responsible for the deficit than anyone else. Therefore, we are going to single you out to lay the tax burden on you."

That is ridiculous. Why single out one class of Americans to bear the burden of this deficit? Most beer taxes are paid by households earning less than $35,000 per year.

Mr. President, my office alone has received more than 3,000 letters in opposition to this tax from constituents. And nearly 21,000 people have signed petitions opposing this new tax.

Unfortunately it now appears that contrary to stated positions—the summiteers may be pushing to quadruple the beer tax.

Everyone wants the deficit to come down. We all know that some new revenues are going to be part of an agreement. It is absolutely essential that the burden be broad, that it not unfairly single out one sector of the country, or one group of people.

I hope that this ill-fated proposal never appear again. I hope that we will see fairness in a deficit reduction package. I join those who hope that we will see proposals from both sides so that we could get about the business of bringing the deficit under control and making sure that the economy continues to grow.

Mr. President, a quadrupling of the beer tax is just not fair. It singles out one group of Americans for disproportionate responsibility for a deficit. This does nothing but divide Americans at a time when we so desperately need unity.

THE SOVIETS MUST RENOUNCE RESOLUTION 3379

Mr. MOYNIHAN. Mr. President, we have read in recent days that President Bush has decided to drop the longstanding United States opposition to a larger Soviet role in the Middle East peace process. This decision overlooks an important—indeed, insurmountable—problem which the Soviet Union faces in attempting to play a constructive role in the Middle East. Namely, the fact that the Soviet Union has already disqualified itself from the role of peacemaker by initiating and championing the obscene 1975 U.N. resolution equating zionism with racism.

Let there be no mistake. The 1975 resolution was born in a two-part article which appeared in Pravda February 18-19, 1971, titled "Anti-Sovietism—Profession of Zionists." The author was Viktorovich Bolshakov, Deputy Secretary of Pravda's editorial board in charge of the newspaper's international department. It was promptly published as a pamphlet in numerous languages and distributed around the world. The article made the incredible argument that Zionists had collaborated with the Nazi invaders of the Soviet Union. Zionists as accomplices of the Nazis. What lie could be more obscene? Perhaps only the lie embodied in Resolution 3379, namely that the State of Israel—a vigorous democracy with a range of civil liberties unprecedented for the Middle East—was founded on a racist philosophy.

What role can the Soviet Union play in promoting peace in the Middle East so long as it has not repudiated this infamous lie, a lie which was its own creation? On March 30 of this year I held a hearing entitled "Revoking the U.N. Zionism Resolution." At that hearing the State Department revealed that "the Soviets have assured us that the resolution represents a concept that is no longer acceptable according to the new political thinking of the Soviet Union." Let them say so publicly. Let them endorse the revocation of the resolution. On August 10 of this year I received a letter from Judge Jerome Hornblass on behalf of the American section of the International Association of Jewish Lawyers and Jurists. Judge Hornblass reports that Soviet acting Ambassador to the United Nations told a delegation from his organization that the Soviet Union is in favor of repudiating the statement that "zionism equals racism" as it stands alone. Again, let them tell the world that they renounce this lie. That is what new thinking requires to be credible. What immoral regimes create, moral regimes instantly repudiate. That is what President Havel of Czechoslovakia did when he came to power. He went to Jerusalem and publicly announced that he was reversing his nation's position on this issue. Let the Soviet Union do the same. Then, and only then, will it have the credibility which is essential to play a positive role in the search for peace.

REGARDING FURLOUGHING SALARIES OF MEMBERS OF CONGRESS

Mr. McCAIN. Mr. President, yet again I must come before the Senate and note in despair the perpetuation of our shameful legacy as the last American plantation. Two million, four hundred thousand employees of the Federal Government, people who have worked hard to do the business of our Nation, have received notices that beginning October 1, the start of fiscal year 1991, they will be forced to take unpaid leave.

We must cut the Federal deficit and not leave our heirs saddled with a legacy of fiscal irresponsibility. It is time to rein in this profligacy. We must now demonstrate the courage to cut spending. These draconian cuts will undoubtedly be felt by all Americans, but I do not believe that civil servants should be singled out to bear more of this burden than their fair share.

Further, I believe that if Federal employees are expected to bear this burden, then Congress must not be hypocritical and exempt itself from painful budget cuts. Federal employees are not to blame for the current deficit crisis. It is Congress and the executive branch who must shoulder the blame for the deficit, and it is they who must find solutions to this problem.

It is reprehensible that we are speaking of furloughing civil servants when the salaries of Members of Congress—the very people responsible for the dilemma in which we are mired—are safe from any cuts. I am proud to support the legislation introduced by Senator PRESSLER to include salaries of Members of Congress in any sequestration, and I urge this body to adopt the legislation should Federal workers be subjected to furloughs.

Mr. President, we are a Congress of the people, not above the people. It is time we acted as one.

I yield the floor.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Kalbaugh, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations

which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 12:47 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7) to amend the Carl D. Perkins Vocational Education Act to improve the provision of services under such act and to extend the authorities contained in such act through the fiscal year 1995, and for other purposes.

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 5267. An act to amend the Communications Act of 1934 to provide increased consumer protection and to promote increased competition in the cable television and related markets, and for other purposes.

At 5:39 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2088) to amend the Energy Policy and Conservation Act to extend the authority for titles I and II, and for other purposes.

ENROLLED BILLS SIGNED

At 6:05 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 bills:

H.R. 7. An act to amend the Carl D. Perkins Vocational Education Act to improve the provision of services under such act and to extend the authorities contained in such act through the fiscal year 1995, and for other purposes; and

H.R. 94. An act to amend the Federal Fire Prevention and Control Act of 1974 to allow for the development and issuance of guidelines concerning the use and installation of automatic sprinkler systems and smoke detectors in places of public accommodation affecting commerce, and for other purposes.

MEASURES PLACED ON THE CALENDAR

The following bill was read the first and second times by unanimous consent, and placed on the calendar:

H.R. 5267. An act to amend the Communications Act of 1934 to provide increased consumer protection and to promote increased competition in the cable television and related markets, and for other purposes.

MEASURES ORDERED HELD AT THE DESK

The following bill was ordered held at the desk until the close of business on September 14, 1990:

H.R. 5400. An act to amend the Federal Election Campaign Act of 1971 and certain related laws to clarify such provisions with respect to Federal elections, to reduce costs in House of Representatives elections, and for other purposes.

REPORTS OF COMMITTEES

The following report was filed on September 12, 1990, and inadvertently omitted from the RECORD:

By Mr. KENNEDY, from the Committee on Labor and Human Resources, with an amendment in the nature of a substitute:

S. 2857. A bill to amend the Public Health Service Act to reauthorize certain Institutes of the National Institutes of Health, and for other purposes (Rept. No. 101-459).

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. RIEGLE, from the Committee on Banking, Housing, and Urban Affairs, without amendment:

S. 3049. A bill to amend the Equal Credit Opportunity Act and the Home Mortgage Disclosure Act (Rept. No. 101-461).

By Mr. BIDEN, from the Committee on the Judiciary, with amendments:

S. 2224. A bill to authorize appropriations for the Administrative Conference of the United States for fiscal years 1991, 1992, 1993, and 1994, and for other purposes.

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. SANFORD and Mr. WIRTH):

S. 3040. A bill to amend the Federal Deposit Insurance Act to provide for risk-based premiums for deposit insurance; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. SANFORD (for himself, Mr. PELL, Mr. DODD, Mr. LUGAR, Mr. KERRY, Mr. MCCONNELL, Mr. CRANSTON, Mr. MCCAIN, Mr. GRAHAM, Mr. MOYNIHAN, Mr. COHEN, Mr. DOMENICI, Mr. BINGAMAN, Mr. WIRTH, Mr. KENNEDY, Mr. KOHL and Mr. HARKIN):

S. 3041. A bill to set forth United States policy toward Central America and to assist the economic recovery and development of that region; to the Committee on Foreign Relations.

By Mr. COHEN:

S. 3042. A bill to establish a uniform minimum package and claim procedures for health benefits, provide tax incentives for health insurance purchases, encourage malpractice reform, improve health care in rural areas, establish State uninsurable pools, and for other purposes; to the Committee on Finance.

By Mr. EXON:

S. 3043. A bill for the relief of Nebraska Aluminum Castings, Inc.; to the Committee on the Judiciary.

By Mr. SHELBY:

S. 3044. A bill to amend title XVIII of the Social Security Act to repeal the requirement that all nonparticipating physicians file Medicare claims on behalf of all of their patients who are Medicare beneficiaries; to the Committee on Finance.

By Mr. RIEGLE (for himself, Mr. SHELBY, Mr. KERRY, Mr. GRAHAM, Mr. D'AMATO, Mr. DODD, Mr. CRANSTON, Mr. AKAKA, Mr. WIRTH, Mr. METZENBAUM, and Mr. SIMON):

S. 3045. A bill to authorize the Federal Deposit Insurance Corporation to increase deposit insurance premiums as necessary to protect the Bank Insurance Fund; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. MOYNIHAN:

S. 3046. A bill to redesignate the Federal building located at 1 Bowling Green in New York, NY, as the "Alexander Hamilton United States Custom House"; to the Committee on Environment and Public Works.

By Mr. DECONCINI (for himself and Mr. METZENBAUM):

S. 3047. A bill to amend the antitrust laws in order to preserve and promote wholesale and retail competition in the retail gasoline market; to the Committee on the Judiciary.

By Mr. SIMON:

S. 3048. A bill to amend the Illinois and Michigan Canal National Heritage Corridor Act of 1984 to extend the boundaries of the corridor; to the Committee on Energy and Natural Resources.

By Mr. DIXON:

S. 3049. A bill to amend the Equal Credit Opportunity Act and the Home Mortgage Disclosure Act; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. ROTH:

S. 3050. A bill to require annual audits of all insured depository institutions and to assure the quality and to improve the usefullness of work performed by independent public accountants in auditing insured depository institutions; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. PRESSLER (for himself and Mr. MCCAIN):

S. 3051. A bill to reduce the pay of Members of Congress corresponding to the percentage reduction of the pay of Federal employees who are furloughed or otherwise have a reduction of pay resulting from a sequestration order; to the Committee on Governmental Affairs.

By Mr. GORE (for himself and Mr. GRAHAM):

S. 3052. A bill to amend the Public Health Service Act with respect to providing financial assistance for certain trauma-care centers operating in geographic areas with a significant incidence of violence arising from the abuse of drugs; to the Committee on Labor and Human Resources.

By Mr. DURENBERGER:

S. 3053. A bill to amend the Internal Revenue Code of 1986 to increase and modify the gas guzzler tax; to the Committee on Finance.

By Mr. RIEGLE (for himself and Mr. DIXON):

S.J. Res. 363. Joint resolution to designate the week of October 22 through October 28, 1990, as the "International Parental Child Abduction Awareness Week"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DIXON (for himself, Mr. SANFORD and Mr. WIRTH):

S. 3040. A bill to amend the Federal Deposit Insurance Act to provide for risk-based premiums for deposit insurance; to the Committee on Banking, Housing, and Urban Affairs.

DEPOSIT INSURANCE REFORM ACT

Mr. DIXON. Mr. President, in 1933, Franklin D. Roosevelt faced the worst financial crisis in our Nation's history. During the first 3 days of March 1933, deposit withdrawals took place at the rate of 10 percent per week. The panic was so pervasive that Roosevelt was forced to close every bank in the country on March 6, 1933.

When banks reopened after the "bank holiday," they benefited from a new statute which provided, for the first time in our history, Federal deposit insurance.

As a result, banking panics became a thing of the past. Depositor confidence in our Nation's depository institutions was restored, and from the late thirties to the late seventies, an average of only seven banks a year failed. Deposit insurance looked like a spectacular success.

Now, however, deposit insurance looks like a spectacular failure. The collapse of the thrift insurance fund has given us a financial crisis that is in many ways worse than the one Roosevelt had to deal with. And while there is no doubt that deposit insurance was not the sole cause of the thrift debacle, it is clear that reforming our deposit insurance system is absolutely imperative.

The present crisis exposed at least two major flaws in the current system. First, it permitted savings and loan executives to make "heads I win; tails you lose" bets where S&L owners would get the benefit of high-risk investments if they paid off, but the Government would get the losses if they didn't. This is known as the "moral hazard" of deposit insurance. It is a fatal flaw, and it must be corrected.

Second, deposit insurance regulation did not ensure that thrifts that failed were promptly closed. Unbelievably, some thrifts were allowed to remain open for periods of up to 10 years after their capital was exhausted. Only the existence of deposit insurance allowed these insolvent institutions to keep going. The result of that mistake has been literally hundreds of billions of dollars worth of losses which the Government is now responsible for.

The structure that allowed that kind of excessive regulatory discretion must be changed, Mr. President. We cannot afford a system with so few checks and balances—one that permits the regulators to confuse the sound objective of preserving the safety and soundness of our banking and thrift system with the mistaken objective of preserving individual banks and thrifts from the consequences of their own actions.

The catastrophic failure of the Federal thrift insurance system in and of itself makes a compelling case for prompt, comprehensive reform. If further proof is needed, though, consider the chilling testimony that the Comptroller General of the United States, Charles Bowsher, delivered before the Banking Committee earlier this week. The distinguished head of the GAO told the committee that the bank insurance fund will not be able to reach its 1.25-percent target ratio in the next 5 years, that the fund is under serious stress, and that it is even possible that the fund could go bankrupt. Bank insurance premiums will be increased by over 62 percent next year, but the GAO's estimates take that fact into account. Even with the increase, therefore, the bank insurance fund is in real jeopardy.

Consider also that there have been 200 or more bank failures each year for the last 2 years, even though our economy has grown steadily since the 1982 recession. Further, consider that bank loan losses are steadily going up, both in absolute terms and as a percentage of bank assets.

Finally, it is worth noting that our deposit insurance system causes serious competitive imbalances within the banking industry. All deposits at large banks—even those well over the $100,000 insurance limit—end up being fully protected because of the way the Federal Deposit Insurance Corporation [FDIC] handles large bank failures. This is known as the "too big to fail" problem, and it gives large banks competitive advantages over small banks, where deposits over $100,000 are not protected in the same way by the FDIC.

There are a number of other problems facing our insurance fund, Mr. President. At their most basic level, however, all of these problems reflect one overriding reality—that the business of banking has changed enormously. Our deposit insurance system must be modified if it is to work in the new environment.

The banking industry, at the time most of our banking laws were enacted, resembled the railroad industry back in the 1880's, when the Interstate Commerce Act imposed a comprehensive regulatory scheme on it. Banks dominated the financial services industry like the railroads dominated transportation.

Today, however, railroads face intense competition from barges, planes, trucks, pipelines, and automobiles. Similarly, banks face ever-increasing competition from other, often less regulated, competitors. Banks are no longer protected from marketplace pressures. In fact, it is fair to say that much of the banking marketplace has been deregulated, even though banks themselves have not.

We cannot undo the technological and marketplace revolutions which have created that new, much tougher competition even if we wanted to. What we must do instead is to adjust the so-called Federal safety net.

To help accomplish that objective, I am today introducing the Deposit Insurance Reform Act—a bill designed to bring deposit insurance into line with the 1990's. I am very pleased that my distinguished Banking Committee colleagues, Senators SANFORD and WIRTH, are cosponsoring this legislation. This package of reforms preserves the best feature of the current insurance system—the high confidence it gives depositors in the stability of our banking system—while providing real marketplace discipline.

The heart of the bill involves changing the insurance premium structure. Currently, both banks and thrifts pay a flat-rate premium. Every bank, regardless of condition, pays the same rate. Every thrift, regardless of condition, pays the same rate.

Yet no insurance company would stay in business for long if it charged an 18-year old Corvette owner with three speeding tickets the same premium as a 45-year old Taurus station wagon owner with a good driving award. Insurance companies charge premiums based on risk, and so should the Federal deposit insurance system. Under my proposal, it will.

This is risk-based pricing with a difference, however. It relies on private market forces, instead of Government, to set the rates. Under the bill, the full Federal Deposit Insurance Corporation premiums for large banks and thrifts will be based on the prices charged by private insurance companies for reinsuring 10 percent of the FDIC's risks on a bank-by-bank basis. These private insurers—with their own money on the line—will guarantee that Federal deposit insurance rates reflect marketplace realities. A simplified risk-based system will set the premiums for smaller banks and thrifts.

After an appropriate transition period, each bank would pay a premium based on the riskiness of its activities and the soundness of its capital. Further, the premium could and would change as the bank itself changed.

The advantages of this approach are numerous:

It eliminates the moral hazard of deposit insurance. Banks or thrifts taking on risk in excess of the levels their capital will support would find their insurance premiums increasing dramatically. That would take the profit out of excessively risky behav-

ior, thus simultaneously encouraging prudent banking while protecting the insurance fund;

It helps insure that failed institutions are promptly closed. As a bank or thrift gets closer and closer to failure, its insurance premium would rise, and at some point it would be impossible for a problem bank to get private reinsurance at all. The regulators, therefore, would find it impossible to keep institutions open for long periods past the time when they should be closed;

It will guarantee that banks and thrifts will have the capital they need. Before deposit insurance, banks had capital ratios of well over 12 percent—and many had 20 percent or more—capital to total assets. Now, the bank capital ratio is closer to 6 percent, and the result is that banks are more fragile. The thrift industry capital situation is much, much worse. In the insurance context, capital is like a deductible. More capital means lower insurance premiums. Less capital means higher premiums. All of which means that, under the risk-based system, there will be powerful incentives for banks and thrifts to improve their capital positions;

It rewards sound banking. One economist estimates that, under the current deposit insurance system, good banks cross subsidize riskier banks by $2.5 billion a year or more. Risk-based premiums eliminate that subsidy; and

It provides real discipline without hurting small depositors. While the FDIC would be selling 10 percent of its risk to private reinsurers, from the depositors point of view, their deposits of up to $100,000 would still be fully insured by the Federal Government. Small depositors would not need to try to become sophisticated financial analysts in order to be sure their savings were safe in a bank.

The proposal uses a simpler, more mechanical risk-based system for smaller banks and thrifts. Smaller thrifts do not present the same kinds of risks to our financial system. Further, small banks and savings and loans that basically only make loans in their local communities are not really suitable candidates for private reinsurance at this point. It would be very difficult, for example, for private reinsursers to carefully review over 12,000 small banks to set premiums.

The two-step system in the bill rewards the best small banks and thrifts with low rates and creates real incentives for banks and thrifts to improve their capital positions and to act prudently. At the same time, it does not burden them with heavy new regulatory requirements. In short, for small institutions, the bill is designed to be practical and workable, taking into account the major differences between small institutions and large ones.

The bill also mandates all the regulators to conduct annual, on-site examinations of each of the banks and thrifts they regulate. This is a simple, straightforward requirement, but it is absolutely critical. Examinations help identify problems early. They help ensure that the filings banks and thrifts make each quarter to the regulators stay accurate. They are also the only real way to get a handle on how good management systems are, and how good loan documentation is.

In almost every failure, management control had either broken down or was nonexistent. In almost every failure, loan documentation records were a mess—incomplete, inaccurate, or nonexistent. Annual exams can pick these problems up early, and help ensure that they are corrected before bad procedures and the bad loans that result overwhelm the institution.

Examiners are like policemen. Requiring annual exams insures that the cops are on the beat, where they belong, and where they can do the most good.

The proposal has a number of other features designed to work with risk-based premiums to protect the taxpayer from risk of loss, while discouraging imprudent banking. For example, it changes the way the FDIC has to deal with large bank failures in order to resolve the too big to fail problem. After all, deposit insurance is intended to protect depositors, not bankers. The safety and soundness of the banking system can be protected without having to fully protect deposits of over $100,000 at large banks.

The bill also changes the way regulators decide when to close a troubled institution. As my colleagues know, the thrift regulators left insolvent institutions open for years after they had effectively become bankrupt. The banking regulators have done a better job, but even in the banking area, it is possible to close institutions more promptly. Earlier closure will save the insurance fund money. It also encourages banks and thrifts to act prudently and to maintain adequate capital, because they will know that if they don't, they will not be able to keep operating with the insurance fund's money.

What the bill does is to require the FDIC to discount the assets of banks and thrifts that do not meet capital standards. The discounts would be based on the FDIC's experience with similar assets in the past, and on other relevant factors. Once the institution's net worth had declined to zero based on this discounted approach, the institution would have to be closed.

Mr. President, before I close, I would like to briefly comment on three provisions that are not in this bill, and to discuss briefly why they are not.

First, the bill does not contain language cutting the current $100,000 deposit insurance ceiling. Increasing the ceiling from $40,000 to $100,000 is widely considered to be a major factor in the thrift crisis. I do not want to comment on the merits of that increase. It happened in 1980, before I came to the Senate. However, it is now 1990, and the issue now is not whether to raise it, but whether to cut it.

Frankly, I think there are serious risks in cutting it. We are facing a financial crisis larger than any we have seen since the 1930's. Confidence in our financial system has eroded dramatically. We must act to preserve and restore depositor confidence. Cutting the $100,000 level down to $40,000, though, would likely further erode confidence. Depositors, even those with account balances far below $40,000 would likely feel that the Federal Government was withdrawing some deposit insurance protection. That is something we simply cannot afford.

Further, it does not appear that there is much practical benefit to be gained from such a cut. It appears that perhaps only about 5 percent of all bank deposits are in accounts with balances above $40,000 but below $100,000. If that figure is accurate, we would be risking further serious erosions in customer confidence just to affect $1 in every $20. That, it seems to me, is not a risk worth taking, so that provision is not in my bill.

For similar reasons, I have not included a provision restricting multiple accounts. As my colleagues know, under current rules, it is possible to have a number of fully insured accounts in every bank and thrift in the country. I have been considering a proposal that would not limit the number of accounts a person could have, but which would limit deposit insurance to $100,000 in the aggregate. I will insert a copy of that idea at the close of my remarks.

This case is a bit closer than the case for cutting the $100,000 insured amount. It is true that deposit insurance was originally intended to protect small depositors, not large ones. It is also true that the average bank account contains only about $8,700 and that we now insure roughly 75 percent of all bank deposits, up from only 50 percent in the thirties.

However, it would be very, very expensive to implement this kind of restriction—start up costs could be in the billions of dollars. Further, it tends to present the same risks of erosion of consumer confidence. Finally, it could cause money to leave the banking system. For all these reasons, and because the other reforms in my bill, along with the restrictions on brokered deposits that were enacted last year, provide the kind of discipline that is really needed, I have not put this idea into the bill.

Finally, I have not included language raising the capital standard. The reason for this is simple. The whole thrust of the bill is to create a series of carrots and sticks to get banks and thrifts to raise their capital. What I am trying to achieve is to create a situation where most banks and thrifts have capital well in excess of the standard, so that the capital standard can be a true minimum, rather than a target to shoot for. Frankly, barely meeting the capital standard is not a sign of health, it is a sign of trouble, and should be seen that way.

Mr. President, my legislation allows both the Government and the private sector to do what each does best. It goes a long way toward privatizing deposit insurance, from the banks' point of view, because they will face private sector-based prices for deposit insurance. However, it maintains the full Federal guarantee for depositors, so that confidence in our financial system is not further eroded.

The need for this kind of reform cannot be overestimated, but restructuring our deposit insurance system will not, by itself, end the financial problems now facing so many U.S. banks and thrifts. Banks can't raise additional capital simply because Congress asks them to. Additional capital can only come from a strong, profitable banking and thrift industry. We also have to take a fundamental look at the rest of the Federal regulatory structure, to see what can be safely changed, and to eliminate what no longer fits the new economic situation.

Deposit insurance reform should be the centerpiece congressional action on banking legislation, but it must be accompanied by other major structural changes if we are to ensure a healthy, stable, internationally competitive banking industry for the future.

This proposal does not end the reform debate; that debate is just beginning. Further, this is not a final proposal. It is rough in spots, and will, I am sure, benefit greatly from the comments of my colleagues and interested outside parties. Rather, this legislation is intended to help advance the debate on this critical issue.

Mr. President, I ask unanimous consent that a copy of the bill, a one-page summary, a fuller explanation of the bill, a question and answer paper, a copy of the multiple accounts concept, and an explanation of that idea be included at this point in the RECORD.

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

S. 3040

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Deposit Insurance Reform Act of 1990".

(b) TABLE OF CONTENTS.—

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) the collapse of the Federal Savings and Loan Insurance Corporation insurance fund was caused in part by fundamental flaws in Federal deposit insurance as it is currently structured;

(2) among the major contributing factors to the savings and loan crisis was the failure to close insolvent institutions in a timely manner;

(3) the Bank Insurance Fund of the Federal Deposit Insurance Corporation is under serious pressure and is well below the insurance fund to covered assets target ratio;

(4) Federal deposit insurance now covers more than 75 percent of all bank deposits, an increase from approximately 50 percent in the 1930's;

(5) bank capital ratios are presently approximately half of what they were before Federal deposit insurance protection was first extended to depositors in 1933;

(6) insured depository institutions are no longer as insulated from market forces because of fundamental economic and technological changes;

(7) United States banks and savings associations now face ever-growing competition from less-regulated and non-regulated competitors;

(8) there is a "moral hazard" in Federal deposit insurance, an incentive for depository institutions to increase risk as their capital declines;

(9) under the present system, well-capitalized, soundly-run institutions cross-subsidize poorly-run, under-capitalized competitors;

(10) because the Federal Deposit Insurance Corporation has fully protected uninsured depositors at large banks—those depositors with account balances in excess of the $100,000 insured amount—thus giving those banks, in effect, "too big to fail" status, large banks may have a competitive advantage in attracting deposits.

(b) PURPOSES.—The purposes of this Act are to—

(1) ensure that the Federal taxpayer will never again be asked to pay the price for Federal deposit insurance;

(2) ensure that insured depositors can be confident that their savings are fully protected;

(3) protect the safety and soundness of the United States banking and thrift system;

(4) end the "moral hazard" of deposit insurance by instituting a system of risk-based reinsurance for large banks and savings associations;

(5) provide soundly-run, well-capitalized small banks and savings associations with the benefits of a risk-based reinsurance system, without increasing their regulatory burden;

(6) ensure that the risk-based reinsurance system is workable, economical, and responsive to changes in markets and to conditions at covered institutions;

(7) ensure that "good" banks and savings associations will no longer have to cross-subsidize banks and savings associations that take risks beyond levels that their capital will support;

(8) use private reinsurers to help set risk-based premiums based on market forces, and to provide a mechanism to help identify problem institutions so that they are closed in a timely manner;

(9) create a system designed to help reduce Federal Deposit Insurance Corporation losses by closing institutions when the value of their assets reaches zero;

(10) end full protection for uninsured depositors;

(11) encourage banks and savings associations to increase their capital, and place partial reliance on market forces to help determine the necessity of capital increases; and

(12) provide sufficient time for banks and savings associations to raise additional capital and to make other appropriate changes needed to adjust to the new system.

TITLE I—BANK REINSURANCE PROGRAM

SEC. 101. SHORT TITLE.

This title may be cited as the "Bank Reinsurance Act".

SEC. 102. LARGE BANK DEPOSIT INSURANCE REFORM.

(a) LARGE BANK DEPOSIT INSURANCE REFORM.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by inserting after section 7 (12 U.S.C. 1817) the following new section:

"SEC. 7A. RISK-BASED INSURANCE FOR LARGE BANKS.

"(a) PURPOSE.—The purpose of this section is to establish a risk-based deposit insurance assessment rate system through reinsurance coverage for 10 percent of the aggregate risk of large bank failures.

"(b) COVERED BANKS.—This section shall apply to any member of the Bank Insurance Fund that—

"(1) has total assets of more than $1,000,000,000 on December 31, 1991;

"(2) is owned by a bank holding company that has total assets of more than $1,000,000,000 on December 31, 1991; or

"(3) was engaged, directly or indirectly, on December 31, 1991, in securities, insurance, or real estate activities other than those that were permitted for national banks or bank holding companies on August 10, 1987.

"(c) INTERIM RISK-BASED REINSURANCE FORMULA.—

"(1) IN GENERAL.—The Corporation shall establish an interim formula for calculating a risk-based assessment rate for each covered bank.

"(2) FACTORS TO BE INCLUDED IN FORMULA.—In establishing the formula under paragraph (1), the Corporation shall include as factors, covered banks'—

"(A) aggregate capital;

"(B) outstanding loans that are 90 days or more past due;

"(C) renegotiated 'troubled' debt;

"(D) the number and amounts of nonaccrual loans;

"(E) net charge-offs;

"(F) off-balance sheet risk;

"(G) portfolio diversification;

"(H) interest rate risk;

"(I) the completeness of loan portfolio documentation; and

"(J) any other factors the Corporation deems appropriate.

"(d) RISK-BASED FORMULA ASSESSMENTS.—Under the interim risk-based formula, each covered bank shall pay a deposit insurance assessment that is—

"(1) determined by applying the risk-based assessment rate for that bank to the bank's average assessment base, as determined under section 7(b)(2), subject to adjustments authorized by subsection (e);

"(2) after the bank enters into a reinsurance agreement under subsection (h), but prior to the date of the determination described in paragraph (3)—

"(A) determined by adding (i) the premium established by a reinsurance agreement under subsection (i) for that part of the average assessment base that is covered by a reinsurance agreement under such subsection, and (ii) the assessment determined under paragraph (1) for that part of the bank's average assessment base that is not covered by a reinsurance agreement; or

"(B) determined by applying the premium rate established by a reinsurance agreement under subsection (i) to the bank's average assessment base,

whichever is lower, subject to adjustments authorized by subsection (e); or

"(3) after the Corporation determines that 80 percent of covered banks are covered by reinsurance agreements—

"(A) determined by applying the risk factor for that bank to the bank's total insured deposits, except where the bank fails to obtain insurance in a timely manner and is subject to subsection (l)(1)(B); or

"(B) determined by applying the premium rate established by a reinsurance agreement under subsection (i) to the bank's total insured deposits,

subject to adjustments authorized by subsection (e).

"(e) BANK INSURANCE FUND ADJUSTMENTS.—The Corporation shall make proportionate adjustments to each bank's total deposit insurance assessment upwards or downwards, as necessary, to—

"(1) ensure that all such assessments in aggregate, are sufficient to maintain the Bank Insurance Fund designated reserve ratio required by section 7(b)(1)(B); and

"(2) maintain its operating budget, except for receivership expenses, at an appropriate level.

"(f) PHASE-IN OF REINSURANCE PROGRAM.—

"(1) BANKS REQUIRED TO PARTICIPATE.—The Corporation shall assign all covered banks to deciles, based on the assessment rates applicable under the interim formula. The Corporation shall require covered banks assigned to the decile subject to the lowest assessment rates to obtain reinsurance in the first year after the interim formula takes effect. In each subsequent year, banks assigned to the decile subject to the next lowest assessment rates shall be required to obtain reinsurance, as provided in the following table:

"Number of years Since Interim Formula Became Effective	Assessment Rate Decile Under Interim Formula
1	Lowest
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	Highest.

The Corporation shall notify each covered bank at least one year before the bank will be required to obtain reinsurance.

"(2) AMOUNT OF REINSURANCE.—Under a reinsurance agreement between a bank and a reinsurer, a reinsurer shall provide reinsurance coverage of not less than the percentage of insured deposits during the specified time period as provided in the following table:

"Year of agreement	Percent of insured deposits covered
1	2
2	4
3	6
4	8
5	10.

"(3) PHASE-IN FLEXIBILITY.—The Corporation may permit variations from the phase-in schedules imposed by paragraphs (1) and (2) where—

"(A) there has been a substantial change in a bank's circumstances which would alter its decile assignment under the interim formula; or

"(B) a covered bank is unable to obtain reinsurance coverage at the specified time due to market availability.

"(g) REINSURER LIABILITY.—

"(1) IN GENERAL.—Each reinsurer shall be liable for the percentage share of the risk it assumes under its reinsurance agreement with a covered bank, not to exceed 10 percent of the Corporation's total case resolution costs for such bank.

"(2) LIMIT.—If in any year the Corporation's total case resolution costs exceed by more than 100 percent the highest total case resolution costs during any preceding year, the aggregate liability of reinsurers shall not exceed 20 percent of such preceding year's costs. Any payment made by a reinsurer which exceeds the limit set by this paragraph shall be reimbursed by the Corporation.

"(3) ADJUSTMENTS.—The Corporation may make adjustments to the limit on reinsurer liability to reflect inflation and banking industry asset growth.

"(h) ELIGIBLE REINSURERS.—

"(1) IN GENERAL.—For purposes of this section, an eligible reinsurer shall include any qualified insurance company that—

"(A) meets appropriate criteria prescribed by the Corporation, subject to the requirements of State laws, for the qualification of reinsurers to offer risk-based reinsurance to covered banks;

"(B) offers reinsurance terms that permit adjustments to the negotiated reinsurance premium not more than—

"(i) on a quarterly basis, for a covered bank that remains above regulatory capital minimums; or

"(ii) on a monthly basis, if the covered bank falls below regulatory capital minimums,

subject to an appropriate limit established by the Corporation in accordance with paragraph (2), except that a covered bank may terminate coverage from one reinsurer and obtain coverage from another after 2 consecutive maximum premium increases under clause (i) or 4 consecutive maximum premium increases under clause (ii); and

"(C) offers reinsurance terms that will remain in effect for a term of not less than 2 consecutive years, except that the Corporation shall establish guidelines covering the length of reinsurance agreements designed to—

"(i) prevent simultaneous expiration and renewal of more than one-eighth of the total number of existing agreements in any one calendar quarter; and

"(ii) ensure that such terminations and renewals will be equally distributed throughout each calendar quarter.

"(2) LIMIT ON RATE INCREASES.—Reinsurers shall not increase a covered bank's reinsurance premium more than 10 basis points in any adjustment period, as provided in paragraph (1)(B).

"(3) BANK AFFILIATION.—An eligible reinsurer may be an affiliate of a bank holding company, except that an insurance affiliate may not offer reinsurance to any affiliated bank.

"(4) MODIFICATION OF REQUIREMENTS.—The Corporation is authorized to waive or modify the conditions of reinsurer eligibility if it determines that such action is necessary to develop reinsurance capacity in the private sector.

"(i) REINSURANCE AGREEMENTS.—

"(1) NEGOTIATIONS.—Eligible reinsurers shall negotiate directly with covered banks to establish—

"(A) the reinsurance premium for that portion of the risk of failure covered by the reinsurer; and

"(B) the rights of the reinsurer to have access to bank documents for assessing risk and determining the premium rate.

"(2) INSURANCE FOR UNINSURED DEPOSITS.—An eligible reinsurer—

"(A) may offer insurance coverage for deposits that are not Federally insured to any bank, whether or not it is covered by reinsurance in accordance with this section.

"(B) shall be solely liable for deposits that are not Federally insured but are covered by insurance under this paragraph.

"(3) ACCESS TO BANK INFORMATION.—Pursuant to a negotiated reinsurance agreement, the reinsurer shall have access to all reports filed with State or Federal banking regulatory authorities, and to all reports subsequently produced by such regulatory authorities relevant to the covered bank during the term of the reinsurance contract.

"(j) PAYMENTS.—The premium negotiated between a bank and a reinsurer in accordance with subsection (i) shall be paid by the Corporation to the reinsurer on a payment schedule established by the Corporation. Assessments under this section shall be paid by the bank to the Corporation in accordance with subsections (b)(2), and (c) through (h) of section 7.

"(k) PUBLIC DISCLOSURE OF ASSESSMENTS.—The Corporation shall publish in the Federal Register the amounts of all deposit insurance assessments applicable to covered banks.

"(l) FAILURE TO OBTAIN REINSURANCE.—

"(1) FDIC REMEDIES.—Except as provided in subsection (f)(3)(B), upon failure of a covered bank to obtain reinsurance or renew a reinsurance agreement at the appropriate time, the Corporation shall—

"(A) close the bank in accordance with procedures applicable to other insured institutions that do not meet minimum capital standards; or

"(B) make a deposit insurance assessment on that bank equal to the highest assessment for any covered bank with reinsurance having the same rating under the Uniform Financial Institutions Rating System (hereafter 'CAMEL rating'), derived from an evaluation of a bank's capital adequacy, asset quality, management, earnings, and liquidity.

"(2) SPECIAL EXAMINATIONS.—For banks subject to treatment under paragraph (1)(B), the Corporation shall—

"(A) make an immediate examination of such bank;

"(B) make semiannual examinations of such bank thereafter; and

"(C) make adjustments to the bank's CAMEL rating, where appropriate.

"(3) SPECIAL ASSESSMENTS.—If, after one year, a bank subject to treatment under paragraph (1)(B) is unable to obtain reinsurance, the Corporation shall make a deposit insurance assessment at least 10 basis points above what otherwise would be assessed under this section. In no event shall the Corporation provide deposit insurance to any bank that is unable to obtain reinsurance for more than 2 consecutive years.

"(m) DISCOUNT WINDOW LENDING.—Any secured discount window lending that exceeds 1 percent of a bank's assets and that is outstanding at the time of a failure shall not be treated as insured deposits for purposes of establishing reinsurer liability. This subsection does not exclude losses that may result if the bank has remained open for a substantial period of time following the lending as a result of the lending, as determined under regulations issued by the Corporation.".

(b) EFFECTIVE DATES.—

(1) INTERIM FORMULA REGULATIONS.—As required by section 7A(c) of the Federal Deposit Insurance Act, as added by subsection (a), the Corporation shall—

(A) publish proposed regulations in the Federal Register not later than 12 months following the date of enactment of this Act establishing an interim risk-based reinsurance formula;

(B) provide for a 6-month public comment period for such proposed regulations; and

(C) publish final regulations in the Federal Register not later than 12 months following publication of the proposed regulations making such regulations effective on the first January 1 that follows the date of enactment of this Act by at least 2 full calendar years.

(2) LARGE BANK DECILE ASSIGNMENTS.—As required by section 7A(f) of the Federal Deposit Insurance Act, as added by subsection (a), the Corporation shall assign all covered banks to deciles, based on the assessment rates applicable under the interim risk-based formula, not later than 90 days after the interim formula takes effect.

SEC. 103. SMALL BANK DEPOSIT INSURANCE REFORM.

(a) SMALL BANK DEPOSIT INSURANCE REFORM.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is further amended by inserting after section 7A the following new section:

"SEC. 7B. PARTIAL RISK-BASED SYSTEM FOR SMALL BANKS.

"(a) PURPOSES.—The purposes of this section are—

"(1) to establish a standardized assessment mechanism for small banks; and

"(2) to provide a risk-based deposit insurance system option for such banks.

"(b) COVERED BANKS.—

"(1) IN GENERAL.—This section shall apply to each member bank of the Bank Insurance Fund that has assets of $1,000,000,000 or less on December 31, 1991, and that does not obtain reinsurance in accordance with section 7A. For purposes of the preceding sentence, the assets of all banking subsidiaries of a holding company shall be aggregated, and all banking subsidiaries shall be treated as one bank.

"(2) REINSURANCE OPTION.—Any bank described in paragraph (1) may elect to obtain reinsurance in accordance with section 7A instead of paying assessments under this section.

"(c) STANDARDIZED ASSESSMENTS.—

"(1) IN GENERAL.—The Corporation shall establish a formula for assigning covered banks to a low- or normal-risk of failure category for purposes of calculating deposit insurance assessments.

"(2) FACTORS TO BE INCLUDED IN FORMULA.—In the formula under paragraph (1), the Corporation shall include the ratios of—

"(A) capital plus loan loss reserves to assets;

"(B) loans that are 90 days or more past due to assets;

"(C) non-accrual loans to assets;

"(D) renegotiated 'troubled' debt to assets;

"(E) net charge-offs to assets; and

"(F) net income to assets.

"(d) STANDARDIZED ASSESSMENTS.—

"(1) SPECIAL BANK ASSESSMENTS.—The Corporation shall assess each bank that has a high CAMEL rating and that is assigned to the normal risk category in accordance with the formula provided for in subsection (c) at a rate equal to the average assessment rate charged to the 3 banks with reinsurance coverage in accordance with section 7A(d) that have the lowest assessment rates.

"(2) AVERAGE BANK ASSESSMENTS.—Any bank not assessed under paragraph (1) shall be assessed at a rate equal to the overall average assessment rate for banks having reinsurance in accordance with section 7A(d).".

(b) SMALL BANK RISK ASSESSMENT.—As required by section 7B(c) of the Federal Deposit Insurance Act, as added by subsection (a), the Corporation shall—

(1) publish proposed regulations in the Federal Register not later than 12 months following the date of enactment of this Act establishing a formula for assigning banks to the appropriate risk category;

(2) provide for a 6-month public comment period for such proposed regulations; and

(3) publish final regulations in the Federal Register not later than 12 months following the date of publication of the proposed regulations, making such regulations effective on the first January 1 that follows the date of enactment of this Act by at least 2 full calendar years.

SEC. 104. PAYMENTS UPON BANK CLOSURES.

(a) BANK CLOSURES.—Section 11(b) of the Federal Deposit Insurance Act (12 U.S.C. 1821(b)) is amended—

(1) by striking "(b)" and inserting "(2)"; and

(2) by inserting before paragraph (2), the following:

"(b) LIQUIDATION AND BANK CLOSURE.—

"(1) EARLY BANK CLOSURE.—The Corporation shall—

"(A) establish discounts on asset values, varying by asset type and maturity date, for banks that fall below minimum capital standards; and

"(B) establish procedures to declare the bank insolvent and close it under provisions of law that apply to bank liquidations due to insolvency when, measured on the basis of values established under subparagraph (A), a bank's capital is exhausted.".

(b) EFFECTIVE DATE.—In accordance with the amendment made by subsection (a)(2), the Corporation shall promulgate regulations to be published in the Federal Register—

(1) as proposed regulations, not later than 18 months; and

(2) as final regulations, not later than 2 years;

following the date of enactment of this Act.

SEC. 105. ANNUAL EXAMINATIONS.

(a) FEDERAL DEPOSIT INSURANCE CORPORATION.—Section 10(b)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1820(b)(2) is amended—

(1) by striking "have power, on behalf of the Corporation, to" and inserting ", on behalf of the Corporation,"; and

(2) by striking "whenever" and inserting "annually and whenever".

(b) COMPTROLLER OF THE CURRENCY.—The first sentence of section 5240 of the Revised Statutes (12 U.S.C. 481) is amended by striking "as often as the Comptroller of the Currency shall deem necessary" and inserting "annually and whenever the Comptroller of the Currency otherwise determines an examination is necessary".

(c) FEDERAL RESERVE SYSTEM.—The third paragraph of section 5240 of the Revised Statutes (12 U.S.C. 483) is amended by inserting after the first sentence the following: "The Board of Governors shall provide for annual examinations of all State member banks.".

SEC. 106. PROHIBITION AGAINST CERTAIN LOANS.

Section 13 of the Federal Reserve Act (12 U.S.C. 342 et seq.) is amended by adding at the end the following:

"The Board shall prohibit any secured loan or secured advance to a member bank or other depository institution that does not meet the basic capital standard prescribed by the appropriate Federal banking agency.".

SEC. 107. UNINSURED DEPOSITS.

Section 11 of the Federal Deposit Insurance Act (12 U.S.C. 1821) is amended by redesignating subsections (g) through (o) as subsections (h) through (p), and inserting a new subsection as follows:

"(g) PAYMENT OF UNINSURED BANK DEPOSITS.—

"(1) PAYMENTS SUBSEQUENT TO BANK CLOSURE.—Upon closure of an insured bank due to insolvency, a depositor—

"(A) shall be paid an amount equal to his or her insured deposits, in accordance with subsection (f); and

"(B) may elect to—

"(i) receive payment for not more than 85 percent of his or her deposit balances in

excess of the insured deposit as a final settlement of any claim against such bank, except as provided in paragraph (3); or

"(ii) have his or her claim determined under the provisions of law that apply to bank liquidations due to insolvency,

except as provided in paragraph (2).

"(2) PAYMENTS SUBSEQUENT TO BANK REOPENING.—In the case of a closed bank that—

"(A) reopens as a bridge bank on the day following closure;

"(B) has its deposits transferred to a new bank in a purchase and assumption transaction; or

"(C) is merged with another bank in an assisted merger transaction,

a depositor shall have access to 65 percent of his or her uninsured deposit balances on the first day following such transition, and to an additional 20 percent within 3 business days following closure, except as provided in paragraph (3). Any withdrawal in excess of 65 percent of uninsured account balances shall constitute acceptance of the 85 percent settlement provided for in subparagraph (B)(i) of paragraph (1).

"(3) DISPUTE RESOLUTION.—

"(A) CAUSE OF ACTION.—Not later than 3 business days following closure of a bank due to insolvency, an affected reinsurer may bring an action in the United States Court of Appeals for the District of Columbia Circuit to preclude the Corporation from making uninsured deposits that exceed $100,000 by more than 65 percent of the account balance available to depositors. A reinsurer shall prevail on a showing that such payments would place a disproportionate share of the resolution costs on the Corporation and the reinsurer. All claims of uninsured depositors shall be settled under liquidation procedures established under section 11 if the Court finds in favor of the reinsurer.

"(B) 60-DAY TIME LIMIT.—The Court of Appeals shall make a ruling on an action brought in accordance with subparagraph (A) not later than 60 days after it is brought.

"(C) LIMITED ACCESS TO UNINSURED DEPOSITS.—During the pendency of an action brought in accordance with paragraph (1), uninsured depositors shall not have access to deposits which exceed $100,000 by more than 65 percent of their account balances.

"(4) NOTIFICATION OF BANK CLOSURE.—The Corporation shall notify affected reinsurers of a bank closure not later than on the day of closure.".

TITLE II—BANK DEPOSIT REINSURANCE CORPORATION

SEC. 201. SHORT TITLE.

This title may be cited as the "Deposit Reinsurance Corporation Act".

SEC. 202. CONTINGENT DEPOSIT REINSURANCE CORPORATION.

Eight years following the effective date of the interim risk-based reinsurance formula established by section 7A(c) of the amendment made by section 203(a) of the Deposit Insurance Reform Act of 1990, the Federal Deposit Insurance Corporation (hereafter "the Corporation") shall—

(1) determine whether the insurance industry is capable of offering reinsurance to all covered banks in accordance with the phase-in schedule established for implementation of the interim risk-based formula; and

(2) if private reinsurance is available to 50 percent or less of banks required to obtain reinsurance due to capacity limitations on the insurance industry, as determined pursuant to paragraph (1), implement the incorporation of the Deposit Reinsurance Corporation as established under section 203.

SEC. 203. CONTINGENT ESTABLISHMENT.

Upon a determination of need under section 202, there shall be established the Deposit Reinsurance Corporation (hereafter "DRC"), which shall—

(1) provide reinsurance for deposits, in accordance with the requirements of sections 7A, 7B, 7C, and 7D of the Federal Deposit Insurance Act, as amended by the Deposit Insurance Reform Act of 1990;

(2) be operated as a for-profit corporation under the control and ownership of participating institutions, subject to the transfer of ownership by the Corporation pursuant to section 205(b), and repayment of the loan authorized by section 206(a); and

(3) be incorporated under the laws of the State of Delaware.

SEC. 204. PARTICIPATING BANKS.

For purposes of this Act, a participating bank is any bank that is required to obtain or voluntarily obtains reinsurance pursuant to section 7A, 7B, 7C, or 7D of the Federal Deposit Insurance Act, as amended by the Deposit Insurance Reform Act of 1990.

SEC. 205. BOARD OF DIRECTORS.

(a) IN GENERAL.—The management of the DRC shall be vested in a 9-member Board of Directors (hereafter "the Board"), which shall consist of—

(1) a Chairperson appointed by the President;

(2) 6 members selected by the Corporation; and

(3) 2 members selected by majority vote of the holders of the common stock, as specified in section 206(d).

(b) TRANSFER OF OWNERSHIP.—Of the 9 members of the Board, the holders of common stock, as specified in section 206(d), shall select by majority vote a total of—

(1) 4 members in the sixth year;

(2) 6 members in the eighth year; and

(3) 9 members in the tenth year

following the date of incorporation of the DRC. The Corporation shall select members to fill the remaining seats on the Board in each of the specified years.

(c) ELECTION OF CHAIRPERSON.—Following transfer of all 9 seats on the Board to the control of the holders of the common stock under subsection (b), the Chairperson of the Board shall be elected by majority vote of the members of the Board.

(d) VACANCIES.—Vacancies on the Board shall be filled in the same manner as the original selection was made, subject to the provisions of subsection (b).

SEC. 206. CAPITAL STRUCTURE.

(a) CAPITALIZATION LOAN.—The Corporation shall make an initial capitalization loan of $5,000,000,000 to the DRC, which shall be—

(1) withdrawn from the Bank Insurance Fund; and

(2) repaid by all participating institutions under an assessment schedule developed by the Corporation.

(b) LOAN ASSESSMENTS.—The Corporation shall establish a loan repayment assessment schedule that—

(1) applies to all participating institutions; and

(2) is designed to ensure repayment of the loan authorized by subsection (a) in full over a period of not more than 10 years following the date of incorporation of the DRC.

(c) PREFERRED STOCK.—The Corporation shall—

(1) hold all preferred stock in the DRC;

(2) establish procedures for retiring a percentage of preferred stock in each of the 10 years of the loan repayment period proportionate to the amount repaid on the loan in that year;

(3) pay interest on preferred stock in the DRC at a rate equal to the applicable 1-year T-bill interest rate.

(d) COMMON STOCK.—The Corporation shall issue shares of common stock to each participating institution in proportion to such bank's loan repayment assessment established by subsection (b), subject to the Corporation's retirement of preferred stock under subsection (c).

SEC. 207. APPLICABILITY OF STATE LAW.

Except as otherwise provided in this Act, the DRC shall be operated and administered in accordance with the laws of the State of Delaware applicable to corporations.

SEC. 208. RESTRICTIONS.

(a) REINSURANCE OFFERINGS.—The DRC shall not offer reinsurance to any bank that holds more than 5 percent of its common stock.

(b) LIMITATIONS ON STOCKHOLDERS.—Until the loan authorized by section 206(a) has been repaid in full to the Corporation, common stock in the DRC shall not be—

(1) bought, sold, or otherwise transferred by any participating bank; or

(2) listed as an asset of any participating bank or savings association or holding company.

SEC. 209. CORPORATE HEADQUARTERS.

The DRC shall maintain its corporate headquarters in the city of Chicago, Illinois.

SEC. 210. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out this title.

TITLE III—SAVINGS ASSOCIATION REINSURANCE PROGRAM

SEC. 301. SHORT TITLE.

This title may be cited as the "Savings Association Reinsurance Act".

SEC. 302. LARGE SAVINGS ASSOCIATION DEPOSIT INSURANCE REFORM.

(a) IN GENERAL.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is further amended by inserting after section 7B the following new section:

"SEC. 7C. RISK-BASED INSURANCE FOR LARGE SAVINGS ASSOCIATIONS.

"(a) PURPOSE.—The purpose of this section is to establish a risk-based deposit insurance assessment rate system through reinsurance coverage for 10 percent of the aggregate risk of large savings association failures.

"(b) COVERED SAVINGS ASSOCIATIONS.—This section shall apply to any member of the Savings Association Insurance Fund that—

"(1) has total assets of more than $1,000,000,000 on December 31, 1991; or

"(2) is owned by a savings association holding company that has total assets of more than $1,000,000,000 on December 31, 1991.

"(c) INTERIM RISK-BASED REINSURANCE FORMULA.—

"(1) IN GENERAL.—The Corporation shall establish an interim formula for calculating a risk-based assessment rate for each covered savings association.

"(2) FACTORS TO BE INCLUDED IN FORMULA.—In establishing the formula under paragraph (1), the Corporation shall include as factors, covered savings associations'—

"(A) aggregate capital;

"(B) outstanding loans that are 90 days or more past due;

"(C) renegotiated 'troubled' debt;

"(D) the number and amounts of nonaccrual loans;

"(E) net charge-offs;

"(F) off-balance sheet risk;

"(G) portfolio diversification;

"(H) interest rate risk;

"(I) the completeness of loan portfolio documentation; and

"(J) any other factors the Corporation deems appropriate.

"(d) RISK-BASED FORMULA ASSESSMENTS.—Under the interim risk-based formula, each covered savings association shall pay a deposit insurance assessment that is—

"(1) determined by applying the risk-based assessment rate for that savings association to the savings association's average assessment base, as determined under section 7(b)(2), subject to adjustments authorized by subsection (e);

"(2) after the savings association enters into a reinsurance agreement under subsection (h), but prior to the date of the determination described in paragraph (3)—

"(A) determined by adding (i) the premium established by a reinsurance agreement under subsection (j) for that part of the average assessment base that is covered by a reinsurance agreement under such subsection, and (ii) the assessment determined under paragraph (1) for that part of the savings association's average assessment base that is not covered by a reinsurance agreement; or

"(B) determined by applying the premium rate established by a reinsurance agreement under subsection (j) to the savings association's average assessment base,

whichever is lower, subject to adjustments authorized by subsection (e); or

"(3) after the Corporation determines that 80 percent of covered savings associations are covered by reinsurance agreements—

"(A) determined by applying the risk factor for that savings association to the savings association's total insured deposits, except in the case of a savings association that has not obtained reinsurance in a timely manner and is subject to subsection (m)(1)(B); or

"(B) determined by applying the premium rate established by a reinsurance agreement under subsection (j) to the savings association's total insured deposits,

subject to adjustments authorized by subsection (e).

"(e) SAVINGS ASSOCIATION INSURANCE FUND ADJUSTMENTS.—The Corporation shall make proportionate adjustments to each savings association's total deposit insurance assessment upwards or downwards, as necessary, to—

"(1) ensure that all such assessments in aggregate, are sufficient to maintain the Savings Association Insurance Fund designated reserve ratio required by section 7(b)(1)(B);

"(2) ensure that—

"(A) the lowest assessment charged to any savings association under this subsection; and

"(B) the average assessment charged to all savings associations under this subsection, on an asset-weighted basis,

are no lower than the lowest single assessment or overall average assessment for large banks under section 7A(d); and

"(3) maintain its operating budget, except for receivership expenses, at an appropriate level.

"(f) PHASE-IN OF REINSURANCE PROGRAM.—

"(1) SAVINGS ASSOCIATIONS REQUIRED TO PARTICIPATE.—The Corporation shall assign all covered savings associations to deciles, based on the assessment rates applicable under the interim formula. The Corporation shall require covered savings associations assigned to the two deciles subject to the lowest assessment rates to obtain reinsurance in the first year after the interim formula takes effect. In each subsequent year, savings associations assigned to the deciles subject to the next lowest assessment rates shall be required to obtain reinsurance, as provided in the following table:

"Number of years Since Interim Formula Became Effective	Assessment Rate Deciles Under Interim Formula
1	Lowest
2	& 2 3 & 4
3	5 & 6
4	7 & 8
5	9 & Highest.

The Corporation shall notify each covered savings association at least one year before the savings association will be required to obtain reinsurance.

"(2) AMOUNT OF REINSURANCE.—Under a reinsurance agreement between a savings association and a reinsurer, a reinsurer shall provide reinsurance coverage of not less than the percentage of insured deposits during the specified time period as provided in the following table:

"Year of agreement	Percent of insured deposits covered
1	2
2	4
3	6
4	8
5	10.

"(3) PHASE-IN FLEXIBILITY.—The Corporation may—

"(A) permit variations from the phase-in schedules imposed by paragraphs (1) and (2) if—

"(i) there has been a substantial change in a savings association's circumstances which would alter its decile assignment under the interim formula;

"(ii) a covered savings association is unable to obtain reinsurance coverage at the specified time due to market availability; or

"(iii) the Savings Association Insurance Fund falls below the designated reserve ratio required by section 7(b)(1)(B); and

"(B) when it determines that at least 80 percent of banks covered under section 7A have obtained reinsurance, adjust each savings association's total deposit insurance assessment upwards or downwards, as necessary, to ensure that—

"(i) the lowest assessment charged to any savings association under this subsection; and

"(ii) the average assessment charged to all savings associations under this subsection, on an asset-weighted basis,

are no lower than the lowest single assessment or overall average assessment, respectively, for large banks under section 7A(d).

"(g) REINSURANCE OPTION.—Until such time as the Corporation has determined that 80 percent of covered savings associations have obtained reinsurance, each savings association shall—

"(1) obtain reinsurance in accordance with subsection (f); or

"(2) in the year during which it would otherwise be required to obtain reinsurance in accordance with subsection (f)(1), provide the Corporation with a written guarantee that, in the case of failure, the failed savings associate's affiliates will reimburse the Corporation for not less than 20 percent of the resolution costs associated with such failure.

"(h) REINSURER LIABILITY.—

"(1) IN GENERAL.—Each reinsurer shall be liable for the percentage share of the risk it assumes under its reinsurance agreement with a covered savings association, not to exceed 10 percent of the Corporation's total case resolution costs for such savings association.

"(2) LIMIT.—If in any year the Corporation's total case resolution costs for savings associations exceed by more than 100 percent the highest total case resolution costs during any preceding year, the aggregate liability of reinsurers shall not exceed 20 percent of such preceding year's costs. Any payment made by a reinsurer which exceeds the limit set by this paragraph shall be reimbursed by the Corporation.

"(3) ADJUSTMENTS.—The Corporation may make adjustments to the limit on reinsurer liability to reflect inflation and savings association industry asset growth.

"(i) ELIGIBLE REINSURERS.—

"(1) IN GENERAL.—For purposes of this section, an eligible reinsurer shall include any qualified insurance company that—

"(A) meets appropriate criteria prescribed by the Corporation, subject to the requirements of State laws, for the qualification of reinsurers to offer risk-based reinsurance to covered savings associations;

"(B) offers reinsurance terms that permit adjustments to the negotiated reinsurance premium not more than—

"(i) on a quarterly basis, for a covered savings association that remains above regulatory capital minimums; or

"(ii) on a monthly basis, if the covered savings association falls below regulatory capital minimums,

subject to an appropriate limit established by the Corporation in accordance with paragraph (2), except that a covered savings association may terminate coverage from one reinsurer and obtain coverage from another after 2 consecutive maximum premium increases under clause (i) or 4 consecutive maximum premium increases under clause (ii); and

"(C) offers reinsurance terms that will remain in effect for a term of not less than 2 consecutive years, except that the Corporation shall establish guidelines covering the length of reinsurance agreements designed to—

"(i) prevent simultaneous expiration and renewal of more than one-eighth of the total number of existing agreements in any one calendar quarter; and

"(ii) ensure that such terminations and renewals will be equally distributed throughout each calendar quarter.

"(2) LIMIT ON RATE INCREASES.—Reinsurers shall not increase a covered savings association's reinsurance premium by more than 10 basis points in any adjustment period, as provided in paragraph (1)(B).

"(3) SAVINGS ASSOCIATION AFFILIATION.—An eligible reinsurer may be an affiliate of a savings association holding company, except that an insurance affiliate may not offer reinsurance to any affiliated savings association.

"(4) MODIFICATION OF REQUIREMENTS.—The Corporation is authorized to waive or modify the conditions of reinsurer eligibility if it determines that such action is necessary to develop reinsurance capacity in the private sector.

"(j) REINSURANCE AGREEMENTS.—

"(1) NEGOTIATIONS.—Eligible reinsurers shall negotiate directly with covered savings associations to establish—

"(A) the reinsurance premium for that portion of the risk of failure covered by the reinsurer; and

"(B) the rights of the reinsurer to have access to savings association documents for assessing risk and determining the premium rate.

"(2) INSURANCE FOR UNINSURED DEPOSITS.—An eligible reinsurer—

"(A) may offer insurance coverage for deposits that are not Federally insured to any savings association, whether or not it is covered by reinsurance in accordance with this section.

"(B) shall be solely liable for deposits that are not Federally insured but are covered by insurance under this paragraph.

"(3) ACCESS TO SAVINGS ASSOCIATION INFORMATION.—Pursuant to a negotiated reinsurance agreement, the reinsurer shall have access to all reports filed with State or Federal savings association regulatory authorities, and to all reports subsequently produced by such regulatory authorities relevant to the covered savings association during the term of the reinsurance contract.

"(k) PAYMENTS.—The premium negotiated between a savings association and a reinsurer in accordance with subsection (j) shall be paid by the Corporation to the reinsurer on a payment schedule established by the Corporation. Assessments under this section shall be paid by the savings association to the Corporation in accordance with subsections (b)(2), and (c) through (h) of section 7.

"(l) PUBLIC DISCLOSURE OF ASSESSMENTS.—The Corporation shall publish in the Federal Register the amounts of all deposit insurance assessments applicable to covered savings associations.

"(m) FAILURE TO OBTAIN REINSURANCE.—

"(1) FDIC REMEDIES.—Except as provided in subsection (f)(3)(A)(ii), upon failure of a covered savings association to obtain reinsurance or renew a reinsurance agreement at the appropriate time, the Corporation shall—

"(A) close the savings association in accordance with procedures applicable to other insured institutions that do not meet minimum capital standards; or

"(B) make a deposit insurance assessment on that savings association equal to the highest assessment for any covered savings association with reinsurance having the same rating under the Uniform Financial Institutions Rating System (hereafter 'CAMEL rating'), derived from an evaluation of a savings association's capital adequacy, asset quality, management, earnings, and liquidity.

"(2) SPECIAL EXAMINATIONS.—For savings associations subject to treatment under paragraph (1)(B), the Corporation shall—

"(A) make an immediate examination of such savings association;

"(B) make semiannual examinations of such savings association thereafter; and

"(C) make adjustments to the savings association's CAMEL rating, where appropriate.

"(3) SPECIAL ASSESSMENTS.—If, after one year, a savings association subject to treatment under paragraph (1)(B) is unable to obtain reinsurance, the Corporation shall make a deposit insurance assessment at least 10 basis points above what otherwise would be assessed under this section. In no event shall the Corporation provide deposit insurance to any savings association that is unable to obtain reinsurance for more than 2 consecutive years.".

(b) EFFECTIVE DATES.—

(1) INTERIM FORMULA REGULATIONS.—Pursuant to the requirements of section 7C(c) of the amendment made by subsection (a), the Corporation shall—

(A) publish proposed regulations in the Federal Register not later than July 1, 1991, establishing an interim risk-based reinsurance formula;

(B) provide for a 6-month public comment period for such proposed regulations; and

(C) publish final regulations in the Federal Register not later than 12 months following publication of the proposed regulations, making such regulations effective not later than January 1, 1993.

(2) LARGE SAVINGS ASSOCIATION DECILE ASSIGNMENTS.—Not later than 90 days following a determination by the Corporation that 80 percent of banks covered by section 7A of the Federal Deposit Insurance Act, as added by section 102 of this Act, have obtained reinsurance, the Corporation shall assign all covered savings associations to deciles, based on the assessment rates applicable under the interim risk-based formula, as required by section 7C(f) of the Federal Deposit Insurance Act, as added by subsection (a).

SEC. 303. SMALL SAVINGS ASSOCIATION DEPOSIT INSURANCE REFORM.

(a) IN GENERAL.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is further amended by inserting after section 7C the following new section:

"SEC. 7D. PARTIAL RISK-BASED SYSTEM FOR SMALL SAVINGS ASSOCIATIONS.

"(a) PURPOSES.—The purposes of this section are—

"(1) to establish a standardized assessment mechanism for small savings associations; and

"(2) to provide a risk-based deposit insurance system option for such savings associations.

"(b) COVERED SAVINGS ASSOCIATIONS.—This section shall apply to each member savings association of the Savings Association Insurance Fund that—

"(1) has assets of $1,000,000,000 or less on December 31, 1991, and

"(2) does not obtain reinsurance in accordance with section 7C.

For purposes of the preceding sentence, the assets of all savings association subsidiaries of a holding company shall be aggregated, and all savings association subsidiaries shall be treated as one savings association.

"(c) REINSURANCE OPTION.—Any savings association described in subsection (a) may elect to obtain reinsurance in accordance with section 7C instead of paying assessments under this section.

"(d) STANDARDIZED ASSESSMENTS.—

"(1) IN GENERAL.—The Corporation shall establish a formula for assigning covered savings associations to a low- or normal-risk of failure category for purposes of calculating deposit insurance assessments.

"(2) FACTORS TO BE INCLUDED IN FORMULA.—In the formula under paragraph (1), the Corporation shall include the ratios of—

"(A) capital plus loan loss reserves to assets;

"(B) loans that are 90 days or more past due to assets;

"(C) non-accrual loans to assets;

"(D) renegotiated 'troubled' debt to assets;

"(E) net charge-offs to assets; and

"(F) net income to assets.

"(e) STANDARDIZED ASSESSMENTS.—

"(1) SPECIAL SAVINGS ASSOCIATION ASSESSMENTS.—The Corporation shall assess each savings association that has a high CAMEL rating and that is assigned to the normal risk category in accordance with the formula provided for in subsection (d) at a rate equal to the average assessment rate charged to the 3 savings associations with reinsurance coverage in accordance with section 7C(d) that have the lowest assessment rates.

"(2) AVERAGE SAVINGS ASSOCIATION ASSESSMENTS.—Any savings association not assessed under paragraph (1) shall be assessed at a rate equal to the overall average assessment rate for savings associations having reinsurance in accordance with section 7C(d).".

(b) SMALL SAVINGS ASSOCIATION RISK ASSESSMENT.—As required by section 7D(d) of the Federal Deposit Insurance Act, as added by subsection (a), the Corporation shall—

(1) publish proposed regulations in the Federal Register not later than 90 days after the date of enactment of this Act establishing a formula for assigning savings associations to the appropriate risk category;

(2) provide for a 6-month public comment period for such proposed regulations; and

(3) publish final regulations in the Federal Register not later than 12 months following the date of publication of the proposed regulations, making such regulations effective not later than the effective date of the interim risk-based formula established by section 302(b)(1) of this Act.

SHORT SUMMARY OF THE DEPOSIT INSURANCE REFORM ACT OF 1990

The bill:

Creates a risk-based premium system for large banks and thrifts. Importantly, the legislation utilizes the private insurance industry to set these premiums. The FDIC would sell, on a bank-by-bank basis, 10 per cent of its insurance risk into the private insurance markets, and would use these prices to set the overall risk-based premiums;

Mandates all the banking regulators to conduct on-site annual examinations, in order to ensure that any problems are uncovered before a bank or thrift becomes insolvent;

Requires the FDIC to value the assets of capital-inadequate banks and thrifts based on what the FDIC believes they are actually worth (instead of taking the word of these institutions as to what the assets are worth), and to close the bank or thrift when it becomes involvent on that basis. By ensuring that problem banks and thrifts are closed earlier, the costs of closing them will be substantially reduced; and

Changes the way FDIC handles large bank failures so that uninsured depositors are not fully protected in practice even though they are not technically covered by deposit insurance. The bill creates an expedited way for uninsured depositors to be partially paid (more in accordance with what the value of the insolvent institution's assets are actually worth). This also helps reduce the costs of resolving insolvencies for the insurance fund and helps deal with the so-called "too big to fail" problem.

EXPLANATION: DEPOSIT INSURANCE REFORM ACT OF 1990

RISK-BASED INSURANCE PREMIUMS FOR LARGE BANKS

Basic Concept—create a risk-sharing system, based on a reinsurance approach, under which the FDIC sells 10% of its risk that a covered bank will fail to either a for-profit reinsurance subsidiary initially capitalized and owned by the banking industry or to private reinsurers. The FDIC then scales up the price it is charged so that the entire premium assessed the covered bank is based on the risk-based price set by the reinsurer.

Covered Banks—banks part of the bank holding companies that have over $1 billion in assets, banks not part of a holding company with over $1 billion in assets, and any smaller bank that either directly or through a holding company is exercising insurance, security, real estate, or investment powers.

NOTE.—All bank affiliates of a covered multi-bank holding company would pay the same premium. All banking assets and liabilities are aggregated for purposes of obtaining reinsurance or for calculating the premium under the interim risk-based formula.

Impact on Insured Depositors—no change. The FDIC is still the 100% guarantor of insured deposits.

Eligible Reinsurers—any qualified insurance company. Bank holding companies would be permitted to establish insurance affiliates to offer this coverage. Bank insurance affiliates would not be able to offer insurance to banks they were affiliated with. The FDIC would establish financial criteria which all reinsurers would have to meet to be eligible to provide reinsurance (minimum capital requirements, etc. . . . However, there would be no premption of state insurance laws).

Bank-owned Reinsurance Corporation—would be capitalized by the banking industry as a for-profit corporation. The FDIC would trigger formation of this bank-owned reinsurer if it found that, 8 years after the interim formula risk-based system takes effect, that 50% or more of the banking industry is not able to obtain private reinsurance because of lack of capacity. The corporation would be initially capitalized through a loan from the FDIC insurance fund (and the corporation would therefore be initially owned by the FDIC, but ownership would be transferred to the banks over a 10-year period.

Establishing a Risk-Based Premium—the FDIC would not negotiate with eligible reinsurers. Instead, covered banks would conduct the negotiations. Based on the price established in the negotiation, the FDIC would pay the reinsurer, and would scale up the premium so that it also covers the 90% of the risk that the FDIC is not laying off, and assess that premium to the covered bank (the part of the premium based on the FDIC's risk would be adjusted upwards or downwards proportionately, so that the total revenue flowing to the FDIC is sufficient to maintain the insurance fund target ratio (currently 1.25% of domestic bank deposits). The premium paid by each covered bank would be the sum of: (the premium charged by the reinsurer) plus (((9) × (the premium charged by the reinsurer)) × (the adjustment factor necessary to ensure that aggregate premiums are neither far below or far above the levels needed to meet the FDIC fund target ratio)).

Risk-Based Premium Contract Terms—insurance contracts would be for a maximum period of two years. However, the reinsurer would have the ability to adjust the premium rate charged on a quarterly basis (monthly, if the covered bank was below regulatory capital minimums), subject to an appropriate cap. However, four consecutive maximum premium increases (or two quarters) would trigger an option with the covered bank to terminate coverage with one reinsurer and obtain coverage with another reinsurer. The insurance premium charge covered banks would have to be publicly disclosed by the FDIC.

Access to Bank Information—covered banks and eligible reinsurers would determine through negotiation what bank documents the reinsurer would have to have. However, once a bank has reached an agreement with a reinsurer on a price, that reinsurer would have access to call reports when filed with the appropriate banking regulator, and to all exam reports subsequently produced by the banking regulators covering that bank during the period insurance is in effect.

Cap on Private Reinsurer Liability—private reinsurers would be liable for 10% of the FDIC's case resolution costs for any bank they cover. However, if the FDIC's case resolution costs in any year after this plan goes into effect are more than 100% higher than the FDIC's highest previous year total case resolutions costs, private reinsurers liability, in aggregate would be capped, based on that 100% higher level. The cap would be adjusted in future years based on inflation and banking industry asset growth. To the extent that FDIC's costs exceed that level, reinsurers would have to pay the FDIC for their portion of case resolution costs, but they would receive rebates from the FDIC in proportion to their share of all case resolutions during the year so that their costs, in aggregate, do not exceed the cap. The cap is to help ensure that the rates charged by reinsurers do not have to reflect catastrophic systemic risks, where the entire banking system is jeopardized by macroeconomic factors.

Example: suppose that the FDIC's most expensive case resolution year is 1988, and that its resolution costs that year were $6 billion. Also assume that there has been no inflation and no deposit growth since then. The cap for the reinsurers would then be $1.2 billion (100% more than $6 billion, or $12 billion, times their percentage share of coverage. 10% of $12 billion or $1.2 billion which would then be the aggregate loss exposure to the reinsurance industry). If, in a subsequent year, FDIC's costs are $14 billion, so that the reinsurers' collective liability is $1.4 billion, $200 million would be rebated to the reinsurers by the FDIC on a pro rata basis.

Failure to obtain Insurance—if a covered bank fails to obtain reinsurance (either when the new program becomes effective or at policy renewal time), the FDIC would either have to close the bank, or charge that bank an insurance premium based on the highest premium charged any covered bank with reinsurance with the same CAMEL rating. The FDIC would be required to examine any such bank immediately, and subsequently at least twice a year, and to adjust the bank's CAMEL rating, if appropriate, at that time, or at any intervening time that the FDIC believes an adjustment is needed (the insurance premium would change any time the CAMEL rating changes, or any time the highest rate charged a bank that does have reimbursement changes). If, after one year, the bank still cannot obtain insurance, the FDIC would have to charge a premium at least 10 basis points above what it otherwise would be under this provision. In no event, however, can the FDIC provide insurance to any bank that fails to obtain reinsurance for more than two years (Note: Once 80% of eligible banks have reinsurance, a bank could not argue that it was not able to obtain insurance on the ground that the rate charged was too high).

Special Rule in Cases Where There is Discount Window Lending—In cases where an institution has secured, discount window lending amounting to more than 1% of assets when it fails, the discount window lending should be treated as uninsured deposits for purposes of establishing the liability of reinsurers. Under this rule, the FDIC effectively bears 100% of the additional risk of loss caused by a shift in bank liabilities from uninsured deposits to discount window loans (rather than the 90% of loss if would otherwise be liable for). The rule, however, does not protect reinsurers from losses that result if the bank is able to remain open for a longer period as a result of the discount window lending.

Example: Suppose a bank has assets of $100 million, insured deposits of $50 million, and uninsured deposits of $50 million. Also assume the bank has $15 million in losses (so that the assets are only worth $85 million). In this case, assuming a liquidation, the uninsured depositors loss would be $7.5 million. The reinsurere's loss would be $750,000 (10% of $7.5 million), and the FDIC's loss would be $7.5 million. The reinsurer's loss would be $750,000 (10% of $7.5 million), and the FDIC's loss would be $6.75 million (90% of $7.5 million).

Now assume that the Fed loans the bank $10 million before it fails. Insured deposits are still $50 million, but uninsured deposits fall to $40 million. In the changed circumstances, under a liquidation, the Fed gets fully repaid, and the uninsured depositor's losses fall to $6.67 million. The FDIC's loss becomes roughly $7.497 million (90% of $8.33 million) and the reinsurer's loss rises to $833,000 ($10% of $8.33 million).

Under the special rule, the reinsurer would not have to pay the additional $83,000 in losses ($833,000—$750,000). Instead, the FDIC would have to pay this loss.

Effective Date—The interim risk-based formula system would become effective two years after the date of enactment. The transition period to full participation by private reinsurers would begin three years after date of enactment. However, the initial insurance contract lengths would be adjusted so that no more than 12 and ½% (one-eighth) of the contracts come up for renewal in any calendar quarter (adjustments would also be made to ensure that renewals were spread through the quarter, in order to avoid having a large block of renewals come up on a single day).

Interim Risk-Based Formula System—within 12 months of date of enactment, the FDIC would be required to publish a draft risk-based formula, based on the factors listed below. After a 6-month period for comments and an additional 6 months to make any necessary revisions, the interim formula would take effect. The formula would be based on the following factors:

(a) capital;

(b) loans that are 90 days or more past due;

(c) non-accrual loans;

(d) renegotiated "troubled" debt;

(e) net charge-offs;

(f) net income;

(g) off-balance sheet risk;

(h) portfolio diversification;
(i) interest rate risk; and
(j) a measure of the completeness of loan portfolio documentation.

Transition Rule—10-year transition rule, beginning once the interim risk-based formula system is in place. The FDIC would have to publish rules under which 10% of covered banks would have to get insurance in year 1, an additional 10% in year 2 etc. . . ., in order to reach 100% by the end of year 10. The 10% of banks paying the lowest premiums under the interim risk-based formula would be required to obtain private reinsurance in year 1, the 10% of banks paying the next-lowest premiums in year 2, etc. . . . Reinsurers would have to cover 2% of risk in year 1, 4% in year 2, etc. . . . reaching 10% by year 5.

If the scaled up price charged by the reinsurer is less than the premium called for under the interim risk-based formula, the bank would pay its entire premium based on the price charged by the reinsurer. If the price charged by the reinsurer is equal to or greater than the price called for under the interim formula, the bank would pay a premium that is the sum of: (the premium charged for reinsurance) plus ((rate charged under interim formula) x (the base the rate applies to [the domestic deposit base minus the percentage of that base that is being covered by the private reinsurer])).

Once 80% of covered banks have reinsurance, the FDIC would anbandon the interim formula and scale up the prices charged by the reinsurers to calculate each bank's risk-based premium (adjusted proportionately upwards or downwards as necessary so that the premiums, in aggregate, are sufficient to maintain the 1.25% target ratio for the insurance fund (or whatever higher target ratio the FDIC would find is appropriate).

Banking Industry-owned Reinsurer: Some Additional Details—

The corporation would be a for-profit corporation, incorporated under the laws of Delaware.

Initial capitalization—$5 Billion (from the FDIC fund; to repaid through assessments on all banks required to obtain reinsurance over a 10 year period).

Capital Structure—

Common Stock—held by the banks in proportion to their assessments.

Preferred Stock—held by the FDIC and retired over the ten-year period as repaid by the banks ($5.0 billion face amount. The preferred stock pays interest at the one-year T-bill rate)

Board of Directors—

9-member board (8 outside directors plus CEO). Initially, 6 of the 8 directors would be selected by the holders of the preferred stock and 2 by the common stockholders. In year 6, 2 of the seats held by the preferred stockholders would be transferred to the common stockholders. In year 8, another 2 seats would be transferred, and in year 10, the final 2 seats would be transferred.

Principal Office—Chicago, Illinois

Restriction on Corporation—the corporation may not insure any bank that holds more than 5% of the corporation's common stock.

Restriction on stock transferability. Until the FDIC is fully repaid, the common stock cannot be bought, sold, or otherwise transferred by holding banks.

Balance sheet treatment—the stock cannot appear on the balance sheet of any owning banks or bank holding companies as an asset until the FDIC if fully repaid.

RISK-BASED INSURANCE PREMIUM SYSTEM FOR LARGE THRIFTS

Covered Thrifts—thrifts with over $1 billion in assets, and thrifts part of unitary or multiple S&L holding companies with over $1 billion in assets.

Risk-based Formula—the FDIC is directed to develop a risk-based formula, using the same factors as for large banks, but making any modifications the Corporation believes are necessary to take into account the unique characteristics of thrifts. The draft formula would have to be available for comment no later than January 1, 1993. After a six-month comment period, the final formula would go into place on January 1, 1994. The lowest premium charged any thrift could not be lower than the lowest premium charged any bank under the interim risk-based formula or the reinsurance premium, whichever is lower, and the average premium charged thrifts, on an asset-weighted basis, also cannot be any lower than the average premium charged large banks.

Once reinsurance for large banks goes into effect (i.e., when 80% of covered banks have obtained reinsurance), the average premium (on an asset-weighted basis), and the lowest premium, can be no lower than the lowest premium and the average premiums charged banks with reinsurance.

Reinsurance—covered thrifts would have two options:

(1) Obtain reinsurance in the same manner and under the same conditions as banks, or

(2) provide the FDIC with a guarantee that, in the case of failure of a covered thrift, the affiliates of that thrift will reimburse the FDIC for 20% of its resolution costs. In this case, the premiums would continue to be set under the formula.

Transition Rule—10 year transition rule, beginning once the formula goes into effect. Thrifts would be divided into deciles, in a manner similar to large banks, and would have to either get reinsurance or provide the 20% guarantee when their decile came up. When 80% of large thrifts have reinsurance, the remaining thrifts would lose the 20% guarantee option, and would have to either obtain reinsurance or have their premium set in the manner provided for large banks that fail to obtain reinsurance. When 80% of covered banks have reinsurance, the FDIC would have 5 years from that point to ensure that 80% of eligible thrifts obtain reinsurance. At that point, the 20% cross-guarantee option would be lost. If the SAIF fund was below its target ratio, however, the FDIC could extend the transition period (keeping the formula and the cross-guarantee option available).

Reinsurance Corporation—if the FDIC triggers formation of the reinsurance corporation, thrifts would also be members, and could be covered by the corporation.

SIMPLIFIED PARTIAL RISK-BASED SYSTEM FOR SMALLER BANKS

Basic Concept—small banks, those not required to obtain reinsurance, would utilize an alternative, more mechanical, partially risk-based system. The FDIC would set the premiums for small banks without any reinsurance mechanism. The best small banks would be charged a special, low premium. All other small banks would be charged an average premium.

Premium Setting for the Best Banks—To qualify for the special, low premium, small banks would have to show that they have:

(1) the top CAMEL rating, and

(2) are considered in the normal risk group under the risk assessment formula put forward by the FDIC staff in 1986, or a similar formula. The formula is based on six ratios:

(a) the ratio of capital plus loan loss reserves to assets;
(b) the ratio of loans that are 90 days or more past due to assets;
(c) the ratio of non-accrual loans to assets;
(d) the ratio of renegotiated "troubled" debt to assets;
(e) the ratio of net charge-offs to assets; and
(f) the ratio of net income to assets.

Qualifying banks would be charged a premium equal to the average premium charged the best three banks with reinsurance (that is, the three banks with the lowest premium rates).

Other Small Banks—would be charged the *average* premium charged banks with reinsurance (on a weighted assets basis).

Option for All Small; Banks—banks would be given the option of either using this approach, or obtaining reinsurance.

Effective Date—the new premium system would take effect for small banks when the interim risk-based formula takes effect.

Transition Rule—during the period that the interim risk-based premium formula is in effect, the best bank and average bank premium will be calculated off the interim formula.

ALTERNATIVE PARTIAL RISK-BASED SYSTEM FOR SMALLER THRIFTS

Identical to small bank program, except that the average and lowest premiums charged thrifts are the references.

Effective Date—when the large thrift risk-based formula takes effect.

OTHER PROVISIONS

Insurance for Uninsured Deposits—eligible reinsurers could also offer insurance on uninsured deposits, if they so desire. However, the FDIC would not share any of the risks in this part of the program. Small banks could seek to obtain insurance on their uninsured deposits even if they did not have reinsurance.

FDIC Pricing Adjustment—if the reinsurance pricing lowered the FDIC's income to the point where annual premium income is not sufficient to maintain the insurance fund at 1.25% of assets, the FDIC can adjust every bank's premiums proportionately, so as to maintain the 1.25% ratio. The FDIC could also raise premiums proportionately in order to cover its budget (administration, examinations, etc.). The FDIC could lower premiums proportionately, if income would otherwise be in excess of the amount needed to maintain the fund target ratio.

FDIC Insurance Premium Rebates—would not change from current law. The FDIC, when statutory conditions are met, could rebate premiums to banks.

Early Closure—for banks or thrifts that fall below their regulatory capital minimums, the FDIC would be directed to set out a set of discounts on asset values, varying by asset type and maturity date. These discounted asset values are to be based on FDIC's prior historical experience. When, measured on the basis of these discounted asset values, the bank's or thrift's capital is exhausted the FDIC (or the OCC, in the case of a national bank) is directed to declare the institution insolvent and close it. FDIC is required to publish draft regulations within 18 months of the date of enactment, and final regulations within 2 years.

Federal Reserve Discount Window Loans—the Fed would be prohibited from making secured loans to banks that are cap-

ital inadequate (below the basic capital standard). All loans to such banks would have to be on an unsecured basis.

Required Annual Exams—all federal banking regulators would be required to examine each of the banks they are the primary supervisor of annually.

Treatment of Uninsured Deposits in Insolvencies—

FDIC Mandate—continue FDIC's mandate to resolve all cases in a manner least costly to the insurance fund.

Partial Payment—when a bank is closed as insolvent, insured depositors are credited with 100% of their deposits up to the $100,000 ceiling. Uninsured depositors would be given two options:

(1) take 85% of their account balances in excess of $100,000 as a final settlement of any claim they have against the bank. If the bank reopens as a bridge bank the following day, if the bank's deposits are transferred to a new bank in a P&A transaction, or if the bank is merged with another bank in an assisted merger transaction, the uninsured depositors would have access to 65% of their balances in excess of $100,000 the first day, and the remaining 20% within 3 business days, subject to the exception noted below (note: making any withdrawal in excess of the 65% of uninsured account balances after the 3 business days would be deemed to be acceptance of the 85% settlement); or

(2) refusing the settlement and having their claim settled under normal bankruptcy procedures. In this case, the FDIC would still get to handle the case resolution in the way it thinks best, but uninsured depositors would be free to try to show that an alternative case resolution would return more value to uninsured depositors (with FDIC being liable for the difference).

Exception to the Basic Partial Payment Rule—the FDIC would have to inform reinsurers the same day they close a bank. The reinsurers would have the option, within the next 3 business days, to file a suit in the D.C. Circuit Court of Appeals forbidding the FDIC from making the final 20% of account balances available to uninsured depositors, on the ground that there is substantial reason to believe that the assets available in the bank are not sufficient to make that payment without placing a disproportionate share of the resolution costs on the FDIC and the reinsurer (as claimants for the insured depositors). The Circuit Court would then have 60 days to determine whether there was a likelihood that the reinsurer would prevail on the merits. If the Court finds in favor of the reinsurer, all claims of uninsured depositors would have to be settled under normal bankruptcy procedures. During the pendency of the case, uninsured depositors would not have access to the last 20% of their account balances.

SOME QUESTIONS AND ANSWERS ON THE DEPOSIT INSURANCE REFORM ACT OF 1990

RISK-BASED INSURANCE PREMIUMS FOR LARGE BANKS

Q. How many banks are covered:

A. Roughly 250 bank holding companies. These banking organizations account for approximately 90 per cent of U.S. banking assets.

Q. Why apply risk-based premiums only to large banks?

A. Large bank failures pose a risk to the entire banking system that small bank failures do not. Further, the bill uses a simplified risk-based system for small banks.

Q. Why use private reinsurers to set premiums?

A. Using private reinsurers means that prices will be set in a marketplace, rather than through a federal rulemaking process or in a courtroom. A private marketplace reacts more quickly, can take into account factors that are difficult to quantify (like the strength of a bank's management and the quality of its management controls), and can make finer distinctions than the FDIC can. Under the risk-based capital standard, all lending is in the same risk category. Private markets will be able to determine, for example, that some kinds of loans are riskier than others, and that having too many of one kind of loan may also increase risk. Further, it makes pricing less legalistic and political. Instead, economic considerations will be the determining factors.

Q. Will depositors know what the risk-based premiums are, and should they care?

A. The FDIC will publish the premiums paid by every bank. Depositors can continue to be confident that their accounts up to $100,000 are fully protected. A low insurance premium will simply be a further sign that their bank is safe and sound.

Q. Will private insurance companies be willing to provide reinsurance?

A. Of course, not every insurance company will do so. Some companies have had problems with officers and directors liability coverage, and so are gunshy with respect to anything involving banks. Others say they don't have the capital to devote to this exercise. I have talked to some of the largest insurance companies and insurance brokerage firms in this country, and I am confident that the insurance capacity can be created over the transition period in the bill. Further, the bill contains a number of provisions designed to ensure that the capacity is available:

(1) It establishes an interim risk-based formula approach, to get the risk-based premium system up and running;

(2) It allows for a 10-year transition period after the formula goes into effect, so that the capacity has time to develop;

(3) It allows bank holding companies to form reinsurance companies as affiliates, and we have already had bank holding companies express an interest in starting up such companies; and

(4) It allows the FDIC to create, in the unlikely event that it is necessary, a private reinsurance corporation that would be collectively owned by the participating banks.

Q. Will large banks have to pay higher insurance premiums under the risk-based system?

A. Once the system is fully phased in, well-capitalized, soundly-run large banks will likely pay lower premiums than they pay now. However, banks with capital problems, and banks that have high-risk loans not sufficiently supported by their own capital could pay higher premiums. Further, as banks add to their risk, their premiums will rise, unless the bank has its own capital to compensate for the increased risk.

Q. What is the relationship between capital and the risk-based premium a bank would pay?

A. Capital, in this context, can be thought of as an insurance deductible. Automobile collision coverage is cheaper, for example, if you take a $500 deductible, instead of a $200. Similarly, a bank that has 12 percent capital will pay lower premiums than a bank that barely makes the capital standard.

Q. What effect will the risk-based system have on banking industry capital?

A. It creates powerful incentives for banks to increase their capital. Most banks would likely have capital significantly above the current standards, because otherwise, their insurance premiums would be likely to rise. Banks will have to have enough capital to be able to weather most problems while still meeting the capital standard. The capital standard would become a true minimum acceptable level, rather than the target to shoot for, as it is now.

Q. Does allowing banks to own reinsurers present any problems?

A. Bank holding companies will be allowed to own reinsurers. However, a bank-owned reinsurer would not be allowed to insure the bank that owns it. Further, the insurance activities would have to be conducted in a fully separated and capitalized affiliate, so that deposit insurance would not be backing that activity. There would be a so-called "Chinese Wall" between the reinsurance company and its affiliated banks, so that confidential information regarding other banks that the reinsurance company has access to is not passed to the banks affiliated with the reinsurance company.

Q. Doesn't using private insurers present some new risks?

A. It is true that private reinsurers will likely act in ways that are significantly different than the way the FDIC has acted, and there are major advantages to that, which is why the bill uses private reinsurers. However, there are also risks that insurers will panic and price insurance too high, or that insurers would withdraw from the market, leaving banks without reinsurance. The bill's incentives for banks to raise capital, and the long transition period are designed to minimize the risks involved. However, any private market overreacts from time to time. These overreactions are always self-correcting, but the bill has a number of features to guard against these risks:

(1) It controls the timing and the amount of premium increases;

(2) It allows the FDIC to adjust rates if reinsurance prices would result in giving the FDIC more income than it needs to maintain an appropriate insurance fund target ratio;

(3) It caps reinsurance industry liability so that reinsurers are not attempting to reinsure systemic, catastrophic losses;

(4) It ensures that uninsured depositors share in any losses, which tends to limit reinsurer risk exposure;

(5) It makes it more difficult for the Fed to provide loans that simply keep a troubled institution open long enough for the uninsured depositors to leave; and

(6) It provides a mechanism for the FDIC to allow banks to go without reinsurance for a limited period of time under very tight supervision.

Q. Why such a long transition period?

A. The transition period is long because the changes involved are fundamental. Banks (and thrifts) need an opportunity to raise the capital they will need to operate under the new system. Further, the necessary reinsurance capacity needs time to develop.

Q. What role does the interim risk-based formula play?

A. The interim proposal is designed to ease the transition to the private market, reinsurance risk-based system. It helps provide additional protection for the insurance fund while the permanent system is developing.

RISK-BASED INSURANCE PREMIUM SYSTEM FOR LARGE THRIFTS

Q. Is the system for large thrifts identical to the one for large banks?

A. No. The thrift system is different but takes into account the differences between banks and thrifts, and the fact that thrift industry capital is not as strong as banking industry capital.

Q. What are the major differences?

A. There are four major differences:

(1) FDIC has the discretion to make appropriate modifications to the interim risk-based formula for large thrifts to take into account the structural differences between banks and thrifts and their differing financial situations. The thrift formula premiums are also tied to the bank formula, so that the best rate and the average rate are identical to the comparable bank rates;

(2) Large thrifts spend a longer time under the interim formula than large banks;

(3) Large thrifts have the option of staying under the formula (at least until 80% of large banks get reinsurance) by agreeing that their facilities will assume 20 per cent of FDIC's losses if the thrift becomes insolvent; and

(4) Large thrifts have a longer transition period than large banks. They get 5 years after the time 80 per cent of large banks obtain reinsurance to get reinsurance coverage themselves. Only then do they lose the option in #3 above.

TREATMENT OF UNINSURED DEPOSITS IN INSOLVENCIES

Q. Does this give uninsured depositors an 85 per cent guarantee?

A. No. Uninsured depositors only get the opportunity for a quick settlement of their claims (covering their account balances in excess of $100,000) if the failed institution's assets are sufficient to cover it. If the institution's reinsurer does not believe the assets are there, the uninsured depositors do not get the quick, 85 cents on the dollar, settlement.

Q. Does this provision address "too big to fail?"

A. Yes, "too big to fail" is not really about insurance premium levels. Instead, what is at issue is the treatment of uninsured depositors, and this provision prohibits the FDIC from fully protecting them if a large bank or thrift becomes insolvent. Further, under the reinsurance scheme, If reinsurers believe the FDIC is continuing to try to provide some special assistance to uninsured depositors, they will adjust their rates upward for the affected institutions, which means that those banks and thrifts will be paying for the coverage.

DISCUSSION DRAFT ON THE FEDERAL DEPOSIT INSURANCE ACT

SECTION 1. INSURED DEPOSITS.

(a) IN GENERAL.—Section 3(m) of the Federal Deposit Insurance Act (12 U.S.C. 1813(m) is amended—

(1) by redesignating paragraph (2) as paragraph (7); and

(2) by striking the first undesignated paragraph of paragraph (1) and inserting in lieu thereof the following:

"(1) IN GENERAL.—Subject to the provisions of paragraph (7), the term 'insured deposit' means the net amount of combined deposits made by a depositor (other than a depositor referred to in paragraph (6) of this subsection) at all insured depository institutions, including all accounts held by such depositor, whether held individually or jointly (after deducting offsets), less any part thereof that exceeeds a maximum of $100,000 in insured deposits, except as provided in—

"(A) section 7(i) for trust funds; and

"(B) section 11(a)(3) for pension plans or profit-sharing plans.

"(2) ADMINISTRATIVE PROVISIONS.—The Corporation shall—

"(A) establish a $100,000 deposit insurance allotment for each depositor; and

"(B) issue an account identification card to each depositor that identifies the depositor—

"(i) by social security number, in the case of an individual; and

"(ii) by taxpayer identification number, in the case of a corporation.

"(3) DEDUCTIONS.—With the approval of the Corporation, an insured depository institution shall deduct the amount of insurance coverage designated by a depositor for each of his or her accounts from the depositor's $100,000 deposit insurance allotment established under paragraph (2), upon presentation of the identification card provided for by paragraph (2)(B). The Corporation shall aggregate data pertaining to designations under this paragraph.

"(4) ANNUAL STATEMENT.—The Corporation shall send an annual written statement to each depositor indicating the distribution of, and any unused balance of, such depositor's insurance coverage allotment.

"(5) NONTRANSFERABILITY.—A deposit insurance allotment is not transferable.

"(6) GOVERNMENTAL DEPOSITS.—

(b) EFFECTIVE DATE.—

(1) ESTABLISHMENT OF LIMIT.—Not later than 4 years following the date of enactment of this Act, the Corporation shall promulgate a final regulation establishing an aggregate deposit insurance limit of $100,000, for each depositor, in accordance with the amendment made by subsection (a).

(2) TIME DEPOSITS.—The regulation under paragraph (1) shall not be construed to apply to any time deposit made on or before the date of enactment of this Act until such time as it reaches its original maturity.

DISCUSSION ITEM—NOT INCLUDED IN THE BILL

LIMITATION ON DEPOSIT INSURANCE.—Within 4 years of date of enactment, the FDIC is directed to implement a system to ensure that no one person receives more than $100,000 in deposit insurance protection. After 4 years, the current $100,000 per account limitation will expire. In its place, the new limitation would be $100,000 per person, spread over as many accounts as a person desires (aggregating, however, to no more than $100,000).

Under the new system, each person would receive a card (not unlike a credit card) that would entitle them to $100,000 in insurance coverage. They would be able to spread this coverage over as many accounts as they desired (for example, $5,000 for a checking account, $10,000 for a saving account, and $50,000 for a CD). The bank would process the card like a credit card, deducting the amount of coverage the cardholder requested (with the approval of the FDIC). The FDIC would send cardholders annual statements indicating their coverage (insurance coverage would be based on social security numbers for individuals, and taxpayer ID numbers for corporations. Insurance coverage would not be transferable (although people could allocate part of their insurance to joint or trust accounts), nor would people be entitled to additional coverage for joint accounts. Collective accounts, however, like pension funds, would still be able to pass-through deposit insurance protection to their beneficiaries, up to $100,000 apiece. These pass-through accounts would not have to have insurance coverage allocated individually by each beneficiary in order to ensure insurance protection.

Mr. SANFORD. Mr. President, I congratulate my colleague from Illinois for his diligence in his research and his preparation of a very fine piece of legislation, looking to the future soundness of the banking system and particularly the FDIC.

We have seen the era of inadequate supervision. The heart of this legislation will assure that there is proper supervision and that there is proper authority for our banking regulations to take action in sufficient time to stem greater losses.

As my distinguished colleague pointed out, there are yet other refinements that we are looking forward to and other reports that are coming shortly, and we hope to use those reports, particularly the study of deposit insurance being prepared by the Department of the Treasury, to make this an even sounder piece of legislation. But I congratulate him again. I am honored to have an opportunity to join in the sponsorship of this bill.

No one doubts that the S&L crisis is the largest financial scandal in the history of the country. In the last few years, the Banking Committee, the GAO, the administration, the Federal Reserve, academic scholars and others have spent countless hours examining the thrift crisis and how and why it occurred. While there are a variety of factors that contributed to the crisis, most would agree that lack of supervision and examination of thrifts and disincentives created by our system of deposit insurance are two of the leading causes of the scandal.

Witness after witness described to us the so-called moral hazard of deposit insurance. The availability of deposit insurance backed by the Federal Government gave thrifts and banks incentives to increase their profits by taking additional risks. As their economic plight grew worse because of interest rate fluctuations, thrifts became more willing to bet the bank. They would invest everything they had in highly risky activities—hoping that such activites would give them a high enough return to cover their losses, but knowing that if they did not, Federal deposit insurance would bail them out. It was a "heads—we win" and "tails—FSLIC pays" attitude.

This attitude—moral hazard problem—was only exacerbated by the lack of adequate supervision and examination of troubled thrifts and to some extent banks. The lack of supervision made it easy for these institutions to get away with all kinds of unsafe and in all too many instances, fraudulent, activities.

It is these two fundamental problems—the moral hazard created by our system of deposit insurance and the lack of adequate supervision—that the Deposit Insurance Reform Act of 1990 will address. In addition, it will begin the process of moving us away for the "too big to fail" doctrine that has resulted in the bailout of all of the depositors of large institutions, even those with deposits in excess of $100,000. The bill will also force the FDIC to take stronger action against failing institutions so that we do not keep failing institutions open for years and years, allowing them to further deplete the insurance fund and burden the taxpayers.

As my colleague has explained in more detail, the bill has four major provisions:

First, it creates risk-based premiums for large banks and thrifts. It requires the FDIC to sell, on a bank-by-bank basis, 10 percent of its insurance risk into the private insurance markets. The price this insurance sells for would then be used in pricing the deposit insurance for the bank. Using private reinsurers means that prices for deposit insurance will be set in the marketplace, not by the Federal Government. As such, the risk-based premium also creates powerful incentives for banks and thrifts to increase their capital;

Second, it requires on-site annual examinations for banks and thrifts. Just this week, the GAO issued its annual audit of the Bank Insurance Fund. In so doing, the GAO pointed out a number of serious problems with the current state of our deposit insurance system. Among the key recommendations made by the GAO for immediate action is that the banking and thrift regulators perform on-site full scope examinations of problem and large banks on an annual basis. The bill codifies and expands on that recommendation;

Third, it requires the FDIC to value assets of failing thrifts and banks on a more realistic basis. It further requires the FDIC to close the bank or thrift when it becomes insolvent once its assets are realistically valued. Again, the GAO's clear recommendation to the Congress is that we establish appraisal guidelines that reflect more realistic values for assets held by banks and thrifts. The bill will do just that, as well as implementing the early intervention policies strongly advocated by the Chairman of the Federal Reserve, Mr. Greenspan, and others; and

Fourth, it alters the way the FDIC handles large bank failures. In so doing, the bill begins to move us away from the too big to fail doctrine. It creates a quicker method for uninsured depositors to be partially paid. The bill thus helps reduce the costs of resolving insolvencies.

I think this is an excellent bill. It starts us down the road of truly ensuring that never again will the taxpayers be saddled with billion dollar bailouts for our deposit insurance funds. It brings the market into the process of pricing deposit insurance and creates strong incentives for banks and thrifts to be well capitalized and carefully examined. It also provides important exemptions for smaller banks so that they are not burdened by a more cumbersome process of setting insurance premiums.

I hope through the introduction of this bill we can begin in earnest the debate over the best way to restore the financial integrity of the FDIC. The bill is not perfect. It will undoubtedly need changes and revisions. Soon, the Treasury Department will issue its major study of deposit insurance reform. There will in all probability be suggestions in that report that should be included in this bill.

Moreover, the major issues of whether and how to scale back insurance coverage to $100,000 per person or some other figure, how many insured accounts per person should be permitted and related questions has not been addressed. I look forward to working with my colleague, Senator DIXON, and others to find the right approach to the issue of the proper amount of deposit insurance coverage.

In sum, I believe that the right response to the thrift crisis is and ought to be both strong efforts to catch and punish all of those involved in defrauding the deposit insurance system and comprehensive efforts to reform the deposit insurance system and our supervisory practices. The combination of the S&L amendments added to our omnibus crime bill, S. 1970, and the enactment of this bill should do just that. I urge my colleagues to consider this bill very carefully, to suggest improvements to it, and to support efforts to bring needed reforms to our deposit insurance system.

Thank you, Mr. President.

By Mr. SANFORD (for himself, Mr. PELL, Mr. DODD, Mr. LUGAR, Mr. KERRY, Mr. MCCONNELL, Mr. CRANSTON, Mr. MCCAIN, Mr. GRAHAM, Mr. MOYNIHAN, Mr. COHEN, Mr. DOMENICI, Mr. BINGAMAN, Mr. WIRTH, Mr. KENNEDY, Mr. KOHL, and Mr. HARKIN):

S. 3041. A bill to set forth United States policy toward Central America and to assist the economic recovery and development of that region; to the Committee on Foreign Relations.

CENTRAL AMERICAN DEMOCRACY AND DEVELOPMENT ACT

Mr. SANFORD. Mr. President, the tides of freedom and self-determination are swelling all across the globe, and most recently in Central America. It is time now for the United States to set a course from the shallow waters where we have been veering and hauling for 100 years. The time for charting a different bearing is at hand. We must welcome the opportunity to engage in a new, fresh, feasible policy toward Central America.

Now for the first time there are five freely elected Presidents in Central America, with unifying values, cohesive goals, and a determination to draw the region together. They understand that it is self-reliance and interdependence as a region that will bring realistic, lasting tangible political and economic benefits to Central America.

Now the United States must call itself to a daring and different policy—a policy unlike any we have ever before designated for our relationship with Central America.

Our policy toward Central America must be aligned with the following two principles: that Central Americans can find for themselves, and must implement their own solutions to Central American problems; and that the United States' assistance must address, through the newly created regional channels, the core issues of economic, political and social advancement. The role of the United States is, succinctly, to assist not to intervene, to encourage not to impose.

We must be willing to allow Central Americans to take their affairs into their own hands. This is a clear attitudinal shift for the United States. The United States should applaud and encourage the implementation and strengthening of effective democratic and development institutions, should provide access to trading opportunities and incentives through programs like the Caribbean Basin Initiative, and should in all ways possible promote economic self-sufficiency and sustainable growth in Central America.

The record of United States policy toward Central America has been paternalistic. For 100 years we have condoned the exploitation of their resources, supported their authoritarian governments, and imposed our will to satisfy our purposes, not their advantages. But that is of the past. The future can be different. We can adopt a policy that benefits both our interests and theirs. We want stability in our hemisphere. They want prosperity and peace. Our purposes and their purposes coincide and overlap. Their hopes and our needs are grounded in their sustainable economic development based on a foundation of political democracy in a climate of peace.

Today, I introduce the Central American Democracy and Development Act which sets forth just such a policy. Our distinguished colleague, Congressman DANTE FASCELL, chairman of the House Foreign Affairs

Committee, is introducing companion legislation in the House.

Their is already ample basis for a new United States policy, initiatives already in existence through the efforts of Central American leadership.

First, there is the peace plan; democracy and human rights, initiated by former President Oscar Arias and developed by the five Presidents, which set forth the framework of nonaggression and noninterference, the laying down of arms, and acceptance of freely elected governments based on respect for human rights. That plan, implemented by the Esquipulas accords and related agreements, broke new ground in the Central American peace process, most stunningly demonstrated by the recent elections and peaceful transition of power in Nicaragua.

At their most recent summit in Antigua, Guatemala, the five Central American Presidents focused their efforts on the economic recovery and development of the region. Reaffirming the Esquipulas accords, they agreed to work together to protect human rights, coordinate economic policies, and ease the social effects of economic adjustments.

Second, there is the International Commission on Central American Recovery and Development. The Commission was comprised of 47 individuals with diverse backgrounds representing 20 nations in Latin America, North America, Europe and Japan, most of whom were Central Americans. For the first time in that region's history, Central Americans have formulated an economic development plan of their own. For the first time, Central Americans have designed a blueprint for sustained and sustainable development, beginning with education and health care, with sound economic practices, creating wealth, investment and jobs.

The Commission's final report recommended a combination of meeting immediate needs, enacting medium term reforms, and projecting long term goals of infrastructure and investment incentives. Development is two-fold: the initiative and the will must come from within Central America, but assistance can and must come from the international community.

Finally, I want to congratulate the President and Secretary of State for their recent initiatives in our policy toward Central America. The Enterprise for the Americas proposal addresses trade, investment, and debt. These three issues were also emphasized by the Commission's Report, which placed a priority on the alleviation of the debt burden which has impeded development, emphasized the need for foreign investment in Central America, and advocated the expansion of Caribbean Basin Initiative type trade incentives.

I also welcome the President's invitation to other democratic nations to become partners with Central America in its economic recovery. Clearly, multilateral resources are critical, especially so at this time when U.S. funds for foreign assistance are limited. The Central American Presidents have already created a coordinating development council, as recommended by the International Commission Report, to work with the assisting countries.

This bill represents a basic turnaround in the conduct of our foreign policy toward Central America. This is not a plea for additional foreign aid. This is a plan for a reassessment of our perspective toward that region. The people of Central America need our help and our commitment. It is in our self-interest to give both. We need a stable and prosperous Central America.

In Antigua, the Central American Presidents stated that,

> We reiterate that there are Central American paths leading to peace and development. We are willing to travel along those paths with our own strength, but the task would be easier with the generous support of the international community.

Let us accept the historic opportunity to extend a hand of partnership to assist in the confrontation of poverty and turmoil. Let us stand with them in their pursuit of peace and prosperity.

By Mr. COHEN:

S. 3042. A bill to establish a uniform minimum package and claim procedures for health benefits, provide tax incentives for health insurance purchases, encourage malpractice reform, improve health care in rural areas, establish state uninsurable pools, and for other purposes; to the Committee on Finance.

COMPREHENSIVE HEALTH CARE ACT

Mr. COHEN. Mr. President, there are a number of key issues before the Senate and before the country today. We are looking at confirmation hearings being conducted by the Senate Judiciary Committee on Judge Souter. There is a budget summit underway out at Andrews Air Force Base. We are, of course, preoccupied as we should be with the Persian Gulf crisis. But equally important is the crisis in our health care system.

I am sending to the desk today a bill on which I spent considerable amount of time working on—about 78 pages long. It has taken a number of months, close to a year, to develop, working with a number of other Members, their staffs, to try to approach this issue in a very comprehensive and thoughtful way.

Earlier this summer, I outlined the basic agenda for health care reform, such as I am introducing, the Comprehensive Health Care Act of 1990. The American health care system I think is capable of providing the finest, most innovative and most technologically advanced health care in the world. Yet for all its complexity, technological expertise, and sophistication, it is critically flawed. It has failed to fulfill its primary application—to provide access to quality health care to all Americans at a price they can afford. We have as many as 37 million people, at least one in every eight are without health insurance and therefore are denied access to even basic health care.

In my own home State of Maine, there are approximately 130,000 individuals who have no insurance coverage at all. They are not old enough for Medicare, not poor enough for Medicaid, and have limited or no access to health insurance provided by their employers. Many have been denied coverage because of their preexisting medical conditions. Most have been simply priced out of the marketplace.

Rising health care costs and Government-mandated benefits have sent health insurance premiums skyrocketing, virtually precluding small businesses from providing adequate coverage to their workers and individual families of modest means from purchasing coverage on their own.

The legislation I am introducing today addresses three major problems that are currently plaguing our health care system—cost and access.

It is comprised of five major components which are designed first to make health care insurance more accessible and affordable for both individuals and small businesses; second, to make health care services more available for rural Americans; third, to reduce health care costs; fourth, to provide for medical liability reform and the development of national standards of care; and, fifth, to increase access to coverage for long-term care.

Mr. President, there is not nearly time to discuss each of these points with any detail. I will try to summarize as best I can in a few moments that remain how I hope to achieve those basic goals.

First, on making health insurance more accessible and affordable for individuals and businesses, I propose to preempt Government-mandated health benefits and develop a uniform, low-cost, no-frills benefit package to ensure universal access to affordable basic coverage to hospital, physician, and primary and preventive care services. It would also include incentives to States to develop risk pools for those who are medically insurable. It will provide for same 100-percent tax deduction for health benefits for self-employed individuals and unincorporated businesses that we currently provide to incorporated businesses.

It would have a provision which I earlier introduced this year for a refundable tax credit to help meet the cost of insurance premiums for low-

and moderate-income individuals. It would contain two demonstration projects to expand Medicaid coverage to enable poor and near poor individuals who are not currently eligible for benefits to buy into the program.

Second, with respect to making health care services more available for rural Americans, it would call upon some existing legislation that was passed earlier by the Senate but to revitalize the national health services to increase scholarships and loan repayment opportunities to help relieve critical shortages of health care practitioners in rural areas.

It would also build upon legislation that has been offered and offered by my colleague from Maine, the majority leader, dealing with incentives to help encourage those communities in rural areas to provide for funding of the medical educational part for their residents who will then return and provide medical service to that region.

In terms of reducing costs, it is clear that we are never going to have enough insurance to cover all of the costs associated with health care. We as a society eat too much, we drink too much, we smoke too much, we do not exercise enough, and then we become ill and then are faced with the high costs of getting well again.

We have to undertake a massive sustained health education program beginning at the very earliest years of our lives and maintain it. This is a wonderful machine that God has given us. It is the only machine in the world that I am aware of that will last, as Willard Scott points out every day on NBC, up to 100 years or more without significant oil changes as such. But we abuse this body. We abuse it terribly much as we abuse the planet. We have to start undertaking a health promotion and preventive care program at the worksite, and in the classroom beginning at the earliest stages. There are provisions which encourage that.

Fourth, to provide for medical liability reform in the development of national standards of care because medical malpractice costs consume a great deal of the budget to date—$5 billion annually nationwide. If we include legal costs, it goes up to about $20 billion. The estimate is that our hospitals and doctors are spending close to $121 billion in practicing defensive medicine.

So I propose that we institute what we have in Maine, prelitigation screening committees to analyze those cases, involving alleged negligence, the causal connection between that alleged negligence and the complications that have arisen; also to develop national standards for hospitals and physicians so they can rely upon those standards in order to cut down on the amount of defense medicine currently being practiced.

Fifth, to finally increase access for coverage for long-term care. There are only 12 percent of our Nation's elderly who have long-term care insurance. In order to increase access to coverage for long-term care this proposal would reclassify any loan insurance as health insurance rather than disability insurance for tax purposes which would mean that they would be able to deduct the long-term care expenses and ensure that the benefits would not be subject to income tax.

I would simply point out that the problems we are confronted with are critical. They are, however, not terminal to our system.

This legislation builds upon the existing public-private health care partnership to preserve what is best about the American system, and at the same time it takes very important steps toward resolving the problems plaguing the system toward ensuring the availability and accessibility of quality health care for all Americans at a price they can afford.

In order to help cover the cost of insurance premiums for the estimated 28.6 million uninsured Americans with family incomes under $30,000, the Comprehensive Health Care Act incorporates legislation I introduced earlier this session to provide a refundable tax credit to low- and moderate-income individuals and families not covered by employer-provided plans. A credit of 60 percent would apply to premiums of up to $1,200 for individuals and $2,400 for families. Individuals with adjusted gross incomes of less than $18,000 and families with adjusted gross incomes of less than $28,000 would be eligible for the full 60 percent credit. The credit would be phased out for individuals with incomes between $18,000 and $23,000 and families with incomes between $28,000 and $33,000.

The Comprehensive Health Care Act would also make insurance more affordable for small businesses and self-employed individuals by granting them the same 100 percent tax deduction for health benefit costs currently granted to incorporated businesses. It is estimated that 2 million of the uninsured in America ar self-employed. In addition, unincorporated small businesses are about half as likely to provide health care coverage to owners and workers as incorporated businesses of a comparable size. Enactment of the full 100 percent deduction for health benefit costs should encourage greatly expanded coverage for these individuals.

The legislation also calls for the elimination of existing barriers to expanded private health insurance coverage. A recent study estimated that as many as one-quarter of the uninsured lacked coverage because they had been priced out of the market by increases in State-mandated benefit laws. More than 640 specific State mandates now require insurers to include particular benefits in health plans such as mental health, podiatry services, chiropractic care, and alcohol and drug abuse treatment. Such services are certainly important. However, We have let the perfect become the enemy of the good in that the proliferation of these requirements has priced health insurance coverage out of reach for many individuals and small businesses. It should be noted that self-insured entities—most of which are large corporations—are already exempt from these requirements.

The Comprehensive Health Care Act of 1990 calls for the preemption of State-mandated benefits and for the development of a uniform, low-cost, minimum benefit package that would be available for purchase by individuals and businesses nationwide. This package would include basic hospital, physician, primary, and preventive care services such as pap smears and mammograms. Individuals who choose to pay more for comprehensive coverage could certainly continue to do so. However, the availability of a "no-frills" package would help ensure universal access to affordable basic health care services. In addition, the legislation calls for the development of a plan for standardizing and simplifying public and private insurance forms and procedures to facilitate comparisons between policies and to expand consumer choice.

The legislation also provides for the development of State-run risk pools for the medically uninsurable. Individuals who are uninsurable because of a pre-existing medical condition would have the option of purchasing—or having their employer purchase—health insurance from a state pool. The legislation authorizes a block grant program for States to develop programs for individuals who are uninsurable. Twenty-four States, including my home State of Maine, have already provided for the creation of such pools.

Working Americans and their families make up the great majority—80 percent—of uninsured. For the most part, the remaining uninsured are unemployed persons and their families who are near or below the federally established poverty level, but who are not covered under Medicaid. In actuality, Medicaid only covers about 40 percent of Americans who live below the poverty line. The State of Maine, with its recently implemented Maine health plan, is one of a number of States which have developed innovative plans to expand their Medicaid programs to provide access to health care services for poor and near-poor individuals and their families. Such efforts on the State level should be encouraged. My legislation authorizes two State dem-

onstration projects to study the effects of expanding Medicaid coverage to enable poor and near-poor individuals not currently eligible for benefits to "buy-in" to the program, with premiums set on a sliding scale based upon income.

The problem of access to affordable health care services is not limited to the uninsured. The problem of access is shared by the one-fourth of our Nation's population who live in rural areas. This legislation incorporates elements of bills introduced earlier in the Congress to increase scholarship and loan repayment opportunities to help relieve the critical shortage of health care practitioners in rural areas. In addition, the bill includes provision of a special tax credit for health care providers serving in rural areas.

Health insurance alone will not ensure good health. Americans must be encouraged to engage in healthy behavior and to accept more responsibility for their physical well-being. The Comprehensive Health Care Act of 1990 will reduce health care costs by encouraging health promotion and prevention programs. It provides clarification that work-based prevention and promotion efforts are considered health benefits for tax treatment, which should serve as further incentive for the development of such programs in the workplace.

The legislation will also reduce costs by encouraging neighboring hospitals to band together to share costly high-technology equipment or services for which there is limited demand to eliminate duplication of services.

Medical malpractice costs have reached an estimated $5 billion annually nationwide. When legal costs are added, the estimated annual costs climb to $20 billion. The medical malpractice crisis has also had a serious negative impact on the availability of care, particularly in rural areas. Many family physicians have given up the high-risk practice of obstetrics because they simply do not deliver enough babies annually to justify the added malpractice premium costs.

The Comprehensive Health Care Act will encourage States to institute prelitigation screening panels which are charged with determining whether an injury has occurred and whether that injury has resulted from negligence. My home State of Maine has had great success in reducing medical malpractice costs through the use of these panels. As a result, malpractice premiums for both physicians and hospitals have declined.

The legislation also provides for the development of national practice guidelines and standards of care in order to ensure appropriate and effective care. Development of such guidelines and standards will also help to reduce the practice of defensive medicine, which is costing the American public as much as $121 billion a year. The legislation also allows health care providers to use the practice guidelines as the standard of care in medical liability cases.

Only 2 percent of our Nation's elderly have long-term care insurance. In order to increase access to coverage for long-term care, the Comprehensive Health Care Act reclassifies long-term care insurance as health insurance for tax purposes. This will enable individuals to deduct long-term care expenses and will ensure that long-term care benefits are not subject to income tax. The proposal also provides for the inclusion of long-term health care coverage in cafeteria benefit plans, and will allow individuals to roll over funding held in individual retirement accounts to long-term care insurance without penalty. Finally, the bill allows individuals and families to use life insurance benefits during the final stages of terminal illness or for long-term care without incurring harsh tax consequences.

Our Nation's health care system is plagued by serious problems primarily related to cost and access to quality care. However, while these problems are critical, they are not terminal. The Comprehensive Health Care Act builds upon the existing public-private health care partnership to preserve what is good about the American system. At the same time, it takes important steps toward resolving the problems plaguing the system and toward ensuring the availability and accessibility of quality health care for all Americans at a price they can afford.

Mr. President, I ask unanimous consent that the full text of the Comprehensive Health Care Act be printed in the RECORD.

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

S. 3042

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 "Comprehensive Health Care Act of 1990".

(b) TABLE OF CONTENTS.—The table of contents is as follows:

TITLE I—MEDICARE REIMBURSEMENT FOR RURAL HOSPITALS

SEC. 101. ELIMINATION OF SEPARATE AVERAGE STANDARDIZED AMOUNTS FOR HOSPITALS IN DIFFERENT AREAS.

Section 1886 of the Social Security Act (42 U.S.C. 1395ww) is amended by adding at the end the following new subsection:

"(j)(1) As used in this subsection:

"(A) The term 'Commission' means the Prospective Payment Assessment Commission established under subsection (e).

"(B) The term 'subsection (d) hospital' has the meaning given the term in subsection (d)(1)(B).

"(2)(A) On or before September 1, 1991, the Secretary and the Commission shall each submit to the Congress a report recommending a methodology that provides for the elimination of the system described in subsection (d)(2)(D) for determining separate average standardized amounts for subsection (d) hospitals located in large urban, other urban, or rural areas. The methodologies set forth in such reports shall provide for the complete elimination of the average standardized amounts applicable to large urban, other urban, or rural area hospitals for discharges occurring on or after January 1, 1992. Such methodologies may provide for such changes to any of the adjustments, reductions, and special payments otherwise authorized or required by this section as the Secretary or the Commission determines to be necessary and appropriate to carry out this subsection. In no case may the Secretary or the Commission recommend or provide for a methodology that will result in total payments under part A of this title to hospitals at a level less than such hospitals were receiving on October 1, 1991.

"(3) On or before October 1, 1991, the Secretary shall promulgate interim final regulations to implement the recommendations of the Secretary under paragraph (2). The regulations shall include any recommended changes in the adjustments, reductions, and special payments otherwise authorized or required by this section.

"(4) If the Congress does not enact legislation after the date of the enactment of this subsection and before December 1, 1991, with respect to the average standardized amounts applicable to large urban, other urban, or rural area hospitals, then, notwithstanding any other provision of this section, the average standardized amounts for such hospitals for discharges occurring on or after January 1, 1992, shall be determined in accordance with the interim final regulations promulgated under paragraph (3).

"(5) On or before July 1, 1992, the Secretary and the Commission shall each submit to the Congress a report specifying the manner in which the average standardized amounts that were determined under the regulations and that became effective in accordance with paragraph (4) should be adjusted appropriately to reflect differences in the operating costs of providing inpatient hospital services (as defined in subsection (a)(4)) for different categories of subsection (d) hospitals.".

TITLE II—JOINT USE OF HIGH TECHNOLOGY EQUIPMENT AND SERVICES BY HOSPITALS

SEC. 201. WAIVER OF ANTITRUST LAWS.

(a) IN GENERAL.—Notwithstanding any provision of the antitrust laws, it shall not be considered a violation of the antitrust laws for hospitals to jointly undertake, in the provision of care, the purchasing, contracting for, or sharing of high technology equipment and services.

(b) ANTITRUST LAWS DEFINED.—For purposes of this section, the term "antitrust laws" means—

(1) the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies", approved July 2, 1890, commonly known as the "Sherman Act" (26 Stat. 209; chapter 647; 15 U.S.C. 1 et seq.);

(2) the Federal Trade Commission Act, approved September 26, 1914 (38 Stat. 717; chapter 311; 15 U.S.C. 41 et seq.);

(3) the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914, commonly known as the "Clayton Act" (38 Stat. 730; chapter 323; 15 U.S.C. 12 et seq.; 18 U.S.C. 402, 660, 3285, 3691; 29 U.S.C. 52, 53); and

(4) any State antitrust laws that would prohibit the activities described in subsection (a).

SEC. 202. GRANTS.

The Public Health Service Act is amended by inserting after section 643A (42 U.S.C. 291m-1) the following new section:

"SEC. 644. HIGH TECHNOLOGY EQUIPMENT AND SERVICES.

"(a) ESTABLISHMENT.—The Secretary shall establish and carry out demonstration projects to assist hospitals in acquiring and sharing high technology equipment and services. In carrying out the demonstration projects, the Secretary shall make grants to States for the purpose of paying the Federal share of the costs of assisting hospitals to jointly purchase, contract for, or share high technology equipment and services in order to eliminate unnecessary duplication of the equipment and services.

"(b) AWARD OF GRANTS.—The Secretary shall allocate grants under this section in accordance with criteria prescribed by the Secretary.

"(c) DURATION OF GRANTS.—Grants made under this section may be made for periods not to exceed 3 years.

"(d) APPLICATION.—To be eligible to receive a grant under this section, a State, acting through the appropriate State health authority, shall submit an application at such time, in such manner, and containing such agreements, assurances, and information as the Secretary determines necessary to carry out this section. At a minimum, the application shall include—

"(1) a State plan that describes the manner in which the State health authority will assist hospitals in undertaking the joint activities described in subsection (a);

"(2) a description of the criteria and procedures the State health authority will use to select hospitals to be assisted under this section; and

"(3) an assurance that the State will provide 50 percent of the cost of the demonstration project from non-Federal funds.

"(e) FEDERAL SHARE.—The Federal share of the cost of carrying out any State plan under this section shall be 50 percent.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the 1991 through 1994 fiscal years.".

TITLE III—HEALTH CARE CLAIMS PROCEDURES AND MINIMUM BENEFITS

SEC. 301. DEVELOPMENT OF PROVISIONS TO PROVIDE UNIFORM, LOW COST AND QUALITY HEALTH INSURANCE POLICIES.

(a) IN GENERAL.—(1) The Secretary of Health and Human Services (hereinafter referred to as the "Secretary"), shall request the National Association of Insurance Commissioners (hereinafter referred to as the "Association") in consultation with representatives of consumer groups, government agencies, public and private insurers, health care providers, business, labor, and such other groups as the Secretary deems appropriate, to develop a model set of regulations and laws to provide a uniform, low-cost, minimum insurance benefit package to include hospital, physician, primary care, preventive care and other selected services for purchase by individuals, businesses and governmental entities.

(2) The Secretary shall also request the Association working in consultation with the groups described in paragraph (1) to develop a plan for standardizing public and private insurance forms, which provides for a simplification of terminology and claims procedures in order to facilitate a comparison between various policies and to enhance access to quality policies. The Association shall also provide for a periodic examination and modification of provisions with respect to any model developed under this section. The Association shall submit a copy of such model regulations and laws to the Committees on Ways and Means and Energy and Commerce of the House of Representatives and the Committee on Finance of the Senate, not later than 9 months after the date of enactment of this subsection.

(b) DEFAULT PROVISION.—If within 12 months after the date of enactment of this section, the Association does not develop a model set of regulations and laws with respect to the uniform, low cost, minimum insurance benefit package described in subsection (a), the Secretary shall within 12 months after such date develop such a model as provided in subsection (a) and submit a report to Congress as provided under such subsection.

SEC. 302. PREEMPTION OF STATE MANDATED BENEFITS.

Section 514(b)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144(b)(2)) is amended—

(1) in subparagraph (A), by striking "subparagraph (B)" and inserting "subparagraphs (B) and (C)"; and

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

"(C) Nothing in subparagraph (A) shall be construed to exempt from subsection (a) any provision of the law of any State to the extent that the provision mandates or provides any requirement relating to the type or level of benefits that are to be provided under contracts or policies of health insurance issued to or under a plan that constitutes an employee welfare benefit plan (as defined in section 3(1)).".

TITLE IV—TAX INCENTIVES

SEC. 401. INCREASE IN DEDUCTIBLE HEALTH INSURANCE COSTS FOR SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (1) of section 162(l) of the Internal Revenue Code of 1986 (relating to special rules for health insurance costs of self-employed individuals) is amended by striking "25 percent" and inserting "100 percent".

(b) PERMANENT DEDUCTION.—Section 162(l) of such Code is amended by striking paragraph (6).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1990.

SEC. 402. CREDIT FOR HEALTH INSURANCE EXPENSES.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable personal credits) is amended by inserting after section 34 the following new section:

"SEC. 34A. HEALTH INSURANCE EXPENSES.

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the applicable percentage of the qualified health insurance expenses paid by such individual during the taxable year.

"(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the term 'applicable percentage' means 60 percent reduced (but not below zero) by 10 percentage points for each $1,000 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds the applicable dollar amount.

"(3) APPLICABLE DOLLAR AMOUNT.—For purposes of this subsection, the term 'applicable dollar amount' means—

"(A) in the case of a taxpayer filing a joint return, $28,000,

"(B) in the case of any other taxpayer (other than a married individual filing a separate return), $18,000, and

"(C) in the case of a married individual filing a separate return, zero.

For purposes of this subsection, the rule of section 219(g)(4) shall apply.

"(b) QUALIFIED HEALTH INSURANCE EXPENSES.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified health insurance expenses' means amounts paid during the taxable year for insurance which constitutes medical care (within the meaning of section 213(d)(1)(C)). For purposes of the preceding sentence, the rules of section 213(d)(6) shall apply.

"(2) DOLLAR LIMIT ON QUALIFIED HEALTH INSURANCE EXPENSES.—The amount of the qualified health insurance expenses paid during any taxable year which may be taken into account under subsection (a)(1) shall not exceed $1,200 ($2,400 in the case of a taxpayer filing a joint return).

"(3) ELECTION NOT TO TAKE CREDIT.—A taxpayer may elect for any taxable year to have amounts described in paragraph (1) not treated as qualified health insurance expenses.

"(c) ELIGIBLE INDIVIDUAL.—For purposes of this section, the term 'eligible individual' means, with respect to any period, an individual who is not covered during such period by a health plan maintained by an employer of such individual or such individual's spouse.

"(d) SPECIAL RULES.—For purposes of this section—

"(1) COORDINATION WITH ADVANCE PAYMENT AND MINIMUM TAX.—Rules similar to the rules of subsections (g) and (h) of section 32 shall apply to any credit to which this section applies.

"(2) MEDICARE-ELIGIBLE INDIVIDUALS.—No expense shall be treated as a qualified health insurance expense if it is an amount paid for insurance for an individual for any period with respect to which such individual is entitled (or, on application without the payment of an additional premium, would be entitled to) benefits under part A of title XVIII of the Social Security Act.

"(3) SUBSIDIZED EXPENSES.—No expense shall be treated as a qualified health insurance expense to the extent—

"(A) such expense is paid, reimbursed, or subsidized (whether by being disregarded for purposes of another program or otherwise) by the Federal Government, a State or local government, or any agency or instrumentality thereof, and

"(B) the payment, reimbursement, or subsidy of such expense is not includible in the gross income of the recipient.

"(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.".

(b) ADVANCE PAYMENT OF CREDIT.—

(1) IN GENERAL.—Chapter 25 of the Internal Revenue Code of 1986 is amended by inserting after section 3507 the following new section:

"SEC. 3507A. ADVANCE PAYMENT OF HEALTH INSURANCE EXPENSES CREDIT.

"(a) GENERAL RULE.—Except as otherwise provided in this section, every employer making payment of wages with respect to whom a health insurance expenses eligibility certificate is in effect shall, at the time of paying such wages, make an additional payment equal to such employee's dependent care advance amount.

"(b) HEALTH INSURANCE EXPENSES ELIGIBILITY CERTIFICATE.—For purposes of this title, a health insurance expenses eligibility certificate is a statement furnished by an employee to the employer which—

"(1) certifies that the employee will be eligible to receive the credit provided by section 34A for the taxable year,

"(2) certifies that the employee does not have a health insurance expenses eligibility certificate in effect for the calendar year with respect to the payment of wages by another employer,

"(3) states whether or not the employee's spouse has a health insurance expenses eligibility certificate in effect,

"(4) estimates the amount of qualified health insurance expenses (as defined in section 34A(b)) for the calendar year.

For purposes of this section, a certificate shall be treated as being in effect with respect to a spouse if such a certificate will be in effect on the first status determination date following the date on which the employee furnishes the statement in question.

"(c) HEALTH INSURANCE EXPENSES ADVANCE AMOUNT.—

"(1) IN GENERAL.—For purposes of this title, the term 'health insurance expenses advance amount' means, with respect to any payroll period, the amount determined—

"(A) on the basis of the employee's wages from the employer for such period,

"(B) on the basis of the employee's estimated qualified health insurance expenses included in the health insurance expenses eligibility certificate, and

"(C) in accordance with tables provided by the Secretary.

"(2) ADVANCE AMOUNT TABLES.—The tables referred to in paragraph (1)(D) shall be similar in form to the tables prescribed under section 3402 and, to the maximum extent feasible, shall be coordinated with such tables and the tables prescribed under section 3507(c).

"(d) OTHER RULES.—For purposes of this section, rules similar to the rules of subsections (d) and (e) of section 3507 shall apply.

"(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.".

(2) CONFORMING AMENDMENT.—The table of sections for chapter 25 of such Code is amended by adding after the item relating to section 3507 the following new item:

"Sec. 3507A. Advance payment of health insurance expenses credit.".

(c) COORDINATION WITH DEDUCTIONS FOR HEALTH INSURANCE EXPENSES.—

(1) SELF-EMPLOYED INDIVIDUALS.—Section 162(l) of the Internal Revenue Code of 1986, as amended by section 401, is further amended by adding after paragraph (5) the following new paragraph:

"(6) COORDINATION WITH HEALTH INSURANCE PREMIUM CREDIT.—Paragraph (1) shall not apply to any amount taken into account in computing the amount of the credit allowed under section 34A.".

(2) MEDICAL, DENTAL, ETC., EXPENSES.—Subsection (e) of section 213 of such Code is amended by inserting "or section 34A" after "section 21".

(d) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 34 the following new item:

"Sec. 34A. Health insurance expenses.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1990.

SEC. 403. DISEASE PREVENTION AND HEALTH PROMOTION PROGRAMS TREATED AS MEDICAL CARE.

(a) IN GENERAL.—For purposes of section 213(d)(1) of the Internal Revenue Code of 1986 (defining medical care), expenditures for disease prevention and health promotion programs shall be considered amounts paid for medical care.

(b) EFFECTIVE DATE.—Subsection (a) shall apply to amounts paid in taxable years beginning after December 31, 1990.

TITLE V—MALPRACTICE REFORM

SEC. 501. TREATMENT PRACTICE GUIDELINES.

(a) ESTABLISHMENT.—Title IX of the Public Health Service Act (42 U.S.C. 901) is amended by adding at the end the following new part:

PART D—MALPRACTICE REFORM

"SEC. 931. TREATMENT PRACTICE GUIDELINES.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—The Assistant Secretary for Health (referred to in this part as the 'Assistant Secretary'), acting through the Agency for Health Care Policy and Research and in consultation with the National Advisory Council on Treatment Practice Guidelines, established under subsection (f), shall establish treatment practice guidelines for health care services provided to patients, taking into account available patient outcome research and other available information.

"(2) SUBJECTS.—In carrying out paragraph (1), the Assistant Secretary shall establish guidelines that specify appropriate, inappropriate, and permissive methods of evaluation and treatment. The Assistant Secretary shall give priority to establishment of guidelines for—

"(A) common procedures;

"(B) medical problems for which physicians use a wide variety of treatment practices; and

"(C) procedures involving high risk and low probability of improvement.

"(3) CONSIDERATIONS.—In establishing practice guidelines, the Assistant Secretary shall consider—

"(A) the setting of the evaluation and treatment provided to patients, including whether the evaluation and treatment are provided in an urban or rural setting;

"(B) the need to improve the quality of care; and

"(C) the need to reduce the practice of defensive medicine.

"(b) APPLICATION OF GUIDELINES AS LEGAL STANDARD.—

"(1) IN GENERAL.—Except as provided in paragraph (2) and notwithstanding any other provision of law, guidelines established under subsection (a) may not be introduced in evidence or used in any action brought in a Federal or State court arising from the provision of a health care service to an individual.

"(2) PROVISION OF HEALTH CARE UNDER GUIDELINES.—Notwithstanding any other provision of law, in any action brought in a Federal or State court arising from the provision of a health care service to an individual, if the service was provided to the individual in accordance with guidelines established under subsection (a), the guidelines—

"(A) may be introduced by a provider who is a party to the action; and

"(B) if introduced, shall establish a rebuttable presumption that the service prescribed by the guidelines is the appropriate standard of medical care.

"(c) REVIEW AND MODIFICATION.—

"(1) PERIODIC REVIEW.—The Assistant Secretary shall review each of the guidelines established under this section at least once in each 2-year period.

"(2) REVIEW FOR ESTABLISHMENT OF GUIDELINE.—If the head of a Federal agency or a private organization requests the Assistant Secretary to establish treatment practice guidelines for an area of health care services for which the guidelines have not been established, the Assistant Secretary shall—

"(A) conduct a review to determine if the establishment of the guidelines is appropriate; and

"(B) if the Assistant Secretary determines that the establishment of the guidelines is appropriate, establish the guidelines.

"(3) REVIEW FOR MODIFICATION OF GUIDELINE.—If the head of a Federal agency or a private organization requests the Assistant Secretary to review existing treatment practice guidelines, the Assistant Secretary shall—

"(A) conduct a review of the guidelines; and

"(B) if the Assistant Secretary determines that modification of the guidelines is appropriate, modify the guidelines.

"(d) CONSIDERATIONS.—In carrying out this section, the Assistant Secretary shall solicit and consider standards and views submitted by the heads of Federal agencies, physicians, and physician organizations.

"(e) AVAILABILITY.—The Assistant Secretary shall make guidelines established under this subsection available to the public.

"(f) NATIONAL ADVISORY COUNCIL ON TREATMENT PRACTICE GUIDELINES.—

"(1) ESTABLISHMENT.—There is established the National Advisory Council on Treatment Practice Guidelines (referred to in this subsection as the 'Council').

"(2) DUTIES.—

"(A) STUDY.—The Council shall study and investigate variations in physician treatment practices, in order to determine the relationship between different treatment patterns and patient outcomes. In particular, the Council shall study the overutilization, underutilization, appropriateness, and effectiveness of physician treatment practices, and the quality of care provided by the practices.

"(B) REPORT.—Not later than 2 years after the date of enactment of this part, the Council shall make a report to the Secretary and to the appropriate committees of Congress containing the findings of the study described in subparagraph (A).

"(C) RECOMMENDATIONS.—The Council shall make recommendations and provide advice to the Assistant Secretary with respect to the establishment of treatment practice guidelines under subsection (c) and the conduct of related areas of research, including recommendations and advice based on the study described in paragraph (A).

"(3) COMPOSITION.—The Council shall be composed of 12 voting members appointed by the Assistant Secretary and the following ex officio members:

"(A) The Director of the National Institutes of Health.

"(B) The Chief Medical Director of the Veterans Administration.

"(C) The Assistant Secretary for Health and Environment of the Department of Defense.

"(D) The Director the Centers for Disease Control.

"(E) The Administrator of the Health Care Financing Administration.

"(F) Such other Federal officials as the Assistant Secretary may specify.

"(4) APPOINTED MEMBERS; QUALIFICATIONS.—

"(A) INDIVIDUAL REPRESENTATION.—Of the members appointed to the Council, the Assistant Secretary shall appoint—

"(i) six individuals distinguished in the fields of medicine, engineering, and science (including social science);

"(ii) four individuals distinguished in the fields of law, ethics, economics, management, and insurance; and

"(iii) two individuals to represent the interests of consumers of health care services.

"(B) COLLECTIVE REPRESENTATION.—The Assistant Secretary shall ensure that members of the Council, as a group, are representative of professions and entities concerned with, or affected by, the treatment practice guidelines established under subsection (a).

"(5) TERM.—

"(A) VACANCIES.—The Assistant Secretary shall fill any vacancy in the membership of the Council in the same manner as the original appointment. The vacancy shall not affect the power of the remaining members to execute the duties of the Council.

"(B) INITIAL TERM.—Each appointed member of the Council shall be appointed for a term of 3 years, except that—

"(i) any member appointed to fill a vacancy shall be appointed for the remainder of the term of the predecessor of the member; and

"(ii) of the members first appointed after the date of the enactment of this subsection, four shall be appointed for a term of 3 years, four shall be appointed for a term of 2 years, and four shall be appointed for a term of 1 year, as designated by the Assistant Secretary at the time of appointment.

"(C) ADDITIONAL TERM.—Appointed members may be appointed for additional terms and may serve after the expiration of the terms until successors have taken office.

"(6) MEETINGS.—The Council shall meet at the call of the Chairman, but not less often than three times a year.

"(7) CHAIRMAN.—The Council shall annually elect one of its appointed members to serve as Chairman until the next election.

"(8) EXECUTIVE SECRETARY.—The Assistant Secretary shall designate a member of the staff of the National Center for Health Services Research and Health Care Technology Assessment to act as Executive Secretary of the Council.

"(9) DETAIL OF FEDERAL EMPLOYEES.—On the request of the Council, the Assistant Secretary of Health shall detail, without reimbursement, any of the personnel of the Public Health Service to the Council as the Council determines to be necessary to carry out the duties of the Council. Any detail shall not interrupt or otherwise affect the civil service status or privileges of the Federal employee.

"(10) EXPERTS AND CONSULTANTS.—

"(A) SERVICES AND COMPENSATION.—The Assistant Secretary of Health may obtain and compensate such temporary and intermittent services of experts and consultants in accordance with section 3109(b) of title 5, United States Code, as the Council determines to be necessary to carry out the duties of the Council.

"(B) LIMITATION.—The rate of compensation for each expert or consultant shall not exceed the daily equivalent of the rate specified for GS-18 of the General Schedule under section 5332 of title 5, United States Code for each day the expert or consultant is engaged in the actual performance of duties for the Council.

"(11) TECHNICAL ASSISTANCE.—On the request of the Council, the Assistant Secretary of Health shall provide, without reimbursement, such technical assistance and administrative support services to the Council as the Council determines to be necessary to carry out the duties of the Council.

"(12) OBTAINING INFORMATION.—The Assistant Secretary of Health may secure directly from any Federal agency information necessary to enable the Council to carry out the duties of the Council, if the information may be disclosed under section 552 of title 5, United States Code. Subject to the previous sentence, on the request of the Assistant Secretary of Health, the head of the agency shall furnish the information to the Council.

"(13) USE OF MAILS.—The Council may use the United States mails in the same manner and under the same conditions as Federal agencies.

"(14) TRAVEL EXPENSES.—Each member of the Council shall receive travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Government service, for each day the member is engaged in the performance of duties away from the home or regular place of business of the member.

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the 1991 and subsequent fiscal years.".

(b) APPLICATION TO PEER REVIEW UNDER SOCIAL SECURITY ACT.—Section 1154(a)(2) of the Social Security Act (42 U.S.C. 1320c-3(a)(2)) is amended by adding at the end the following new sentence: "The determinations shall be made on the basis of guidelines established under section 305 of the Public Health Service Act, if health care services were provided in accordance with the guidelines.".

SEC. 502. PRELITIGATION SCREENING PANEL GRANTS.

Part D of title IX of the Public Health Service Act (as added by section 501 of this Act) is amended by adding at the end the following new section:

"SEC. 932. PRELITIGATION SCREENING PANEL GRANTS.

"(a) ESTABLISHMENT.—The Assistant Secretary of Health, acting through the Agency for Health Care Policy and Research shall establish a program of grants to assist States in establishing prelitigation panels.

"(b) USE OF FUNDS.—A State may use a grant awarded under subsection (a) to establish prelitigation panels that—

"(1) identify claims of professional negligence that merit compensation;

"(2) encourage early resolution of meritorious claims prior to commencement of a lawsuit; and

"(3) encourage early withdrawal or dismissal of nonmeritorious claims.

"(c) AWARD OF GRANTS.—The Secretary shall allocate grants under this section in accordance with criteria issued by the Secretary.

"(d) APPLICATION.—To be eligible to receive a grant under this section, a State, acting through the appropriate State health authority, shall submit an application at such time, in such manner, and containing such agreements, assurances, and information as the Assistant Secretary of Health determines to be necessary to carry out this section.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the 1991 through 1994 fiscal years.".

TITLE VI—PHYSICIAN ISSUES

Subtitle A—Tax Incentives for Rural Practice

SEC. 601. SHORT TITLE.

This subtitle may be cited as the "Rural Primary Care Incentives Act of 1989".

SEC. 602. REFUNDABLE CREDIT FOR CERTAIN PRIMARY HEALTH SERVICES PROVIDERS.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

"SEC. 35. PRIMARY HEALTH SERVICES PROVIDERS.

"(a) ALLOWANCE OF CREDIT.—In the case of a qualified primary health services provider, there is allowed as a credit against the tax imposed by this subtitle for any taxable year in the mandatory service period an amount equal to—

"(1) the number of months of such period occurring in such year, times

"(2) $1,000.

"(b) LIMITATION.—No credit shall be allowed under subsection (a) with respect to any month in any mandatory service period in excess of 36 (reduced by the number of months in any previous mandatory service period for which a credit was allowed under subsection (a)).

"(c) QUALIFIED PRIMARY HEALTH SERVICES PROVIDER.—For purposes of this section, the term 'qualified primary health services provider' means any physician who for any month during the mandatory service period is certified by the Bureau to be a primary health services provider who—

"(1) is providing such services—

"(A) full time,

"(B) to individuals at least 80 percent of whom reside in a rural health manpower shortage area, and

"(C) in a health care practice which is—

"(i) related to a migrant health center or a community health center (as defined in sections 329(a)(1) and 330(a)(1) of the Public Health Service Act (42 U.S.C. 254b(a)(1) and 254c(a)(1)), respectively), or

"(ii) subject to the conditions described in subparagraphs (A) and (B) of section 338D(b)(1) of the Public Health Service Act (42 U.S.C. 254n(b)(1)),

"(2) is not receiving during such year a scholarship under the National Health Service Corps Scholarship Program (as established in section 338A of the Public Health Service Act (42 U.S.C. 254l) or a loan repayment under the National Health Service Corps Loan Repayment Program (as established in section 338B of the Public Health Service Act (42 U.S.C. 254l-1),

"(3) is not fulfilling service obligations under such programs, and

"(4) has not defaulted on such obligations.

"(d) MANDATORY SERVICE PERIOD.—For purposes of this section, the term 'mandatory service period' means the period of 60 consecutive calendar months beginning with the first month the taxpayer is certified by the Bureau as a qualified primary health services provider.

"(e) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) BUREAU.—The term 'Bureau' means the Bureau of Health Care Delivery and Assistance, Health Resources and Services Administration of the United States Public Health Service.

"(2) PHYSICIAN.—The term 'physician' means any doctor of medicine or osteopathy who provides direct patient care and practices principally in 1 of the 4 following primary care specialties:

"(A) General or family practice.

"(B) General internal medicine.

"(C) Pediatrics.

"(D) Obstetrics and gynecology.

The term shall not include administrators, researchers, or teachers.

"(3) PRIMARY HEALTH SERVICES PROVIDER.—The term 'primary health services provider' means a provider of primary health services (as defined in section 330(b)(1) of the Public Health Service Act (42 U.S.C. 254c(b)(1)).

"(4) RURAL HEALTH MANPOWER SHORTAGE AREA.—The term 'rural health manpower shortage area' means a class 1 or class 2 health manpower shortage area (as defined in section 332(a)(1)(A) of the Public Health Service Act (42 U.S.C. 254e(a)(1)(A)) in a rural area (as determined under section 1886(d)(2)(D) of the Social Security Act (42 U.S.C. 1395ww)).

"(f) RECAPTURE OF CREDIT.—

"(1) IN GENERAL.—If, as of the close of any taxable year, there is a recapture event, then the tax of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of—

"(A) the applicable percentage, and

"(B) the aggregate unrecaptured credits allowed to such taxpayer under this section for all prior taxable years.

"(2) APPLICABLE RECAPTURE PERCENTAGE.—

"(A) IN GENERAL.—For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

"If the recapture event occurs during:	The applicable recapture percentage is:
Months 1-23	100
Months 24-35	75
Months 36-47	50
Months 48-59	25
Months 60 and thereafter	0.

"(B) TIMING.—For purposes of subparagraph (A), month 1 shall begin on the first day of the mandatory service period.

"(3) RECAPTURE EVENT DEFINED.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'recapture event' means the failure of the taxpayer to be certified as a qualified primary health services provider for any month during any mandatory service period.

"(B) CESSATION OF DESIGNATION.—The cessation of the designation of any area as a rural health manpower shortage area after the beginning of the mandatory service period for any taxpayer shall not constitute a recapture event.

"(C) SECRETARIAL WAIVER.—The Secretary, after consultation with the Bureau, may waive any recapture event caused by extraordinary circumstances.

"(4) NO CREDITS AGAINST TAX.—Any increase in tax under this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under subpart A, B, or D of this part.".

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (4)(A) of section 6211(b) of the Internal Revenue Code of 1986 (relating to rules for applying definition of deficiency) is amended by striking "sections 32 and 34" and inserting "sections 32, 34, and 35".

(2) Section 6513 of such Code (relating to time return deemed filed and tax considered paid) is amended by adding at the end the following new subsection:

"(f) TIME TAX IS CONSIDERED PAID FOR PRIMARY HEALTH SERVICES PROVIDERS CREDIT.—For purposes of section 6511, the taxpayer shall be considered as paying an amount of tax on the last day prescribed for payment of the tax (determined without regard to any extension of time and without regard to any election to pay the tax in installments) equal to so much of the credit allowed by section 35 (relating to primary health services providers credit) as is treated under section 6401(b) as an overpayment of tax.".

(3) Subsection (d) of section 6611 of such Code is amended by striking the caption and inserting the following:

"(d) ADVANCE PAYMENT OF TAX, PAYMENT OF ESTIMATED TAX, CREDIT FOR INCOME TAX WITHHOLDING, AND PRIMARY HEALTH SERVICES PROVIDERS CREDIT.—".

(c) CLERICAL AMENDMENT.—The table of sections for subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the item relating to section 35 and inserting the following:

"Sec. 35. Primary health services providers.

"Sec. 36. Overpayments of tax.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1991.

SEC. 603. STUDIES.

(a) EXPANSION OF CREDIT.—

(1) STUDY.—The Secretary of Health and Human Services or the Secretary's delegate shall determine the present number of, and future need for, nonphysician primary care providers in rural health manpower shortage areas. Such determination shall form the basis for a study of the feasibility (including cost estimates) of extending the tax credit provided by the amendments made by section 602 to such providers.

(2) REPORTS.—An interim report of the study described in paragraph (1) shall be submitted by the Secretary of Health and Human Services to the Congress 1 year from the date of the enactment of this Act. A final report of such study shall be submitted to the Congress within 2 years of such date of enactment.

(b) STATUS OF CREDIT.—

(1) STUDY.—The Secretary of Health and Human Services or the Secretary's delegate shall evaluate the effect of the tax credit provided by the amendments made by section 602 in increasing the supply of primary care physicians in class 1 and class 2 rural

health manpower shortage areas and improving health care delivery access to medically underserved populations. Such evaluation shall form the basis for a study of the necessity and feasibility (including cost estimates) of extending such credit to primary care physicians in other rural health manpower shortage areas. Such study shall also include an evaluation of alternative methods of defining rural health manpower shortage areas.

(2) REPORT.—The Secretary of Health and Human Services shall submit to the Congress a report of the study described in paragraph (1) along with any recommendations for further legislative action no later than 2 years after the date of the enactment of this Act.

SEC. 604. NATIONAL HEALTH SERVICE CORPS LOAN REPAYMENTS EXCLUDED FROM GROSS INCOME.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically excluded from gross income) is amended by redesignating section 136 as section 137 and by inserting after section 135 the following new section:

"SEC. 136. NATIONAL HEALTH SERVICE CORPS LOAN REPAYMENTS.

"(a) GENERAL RULE.—Gross income shall not include any qualified loan repayment.

"(b) QUALIFIED LOAN REPAYMENT.—For purposes of this section, the term 'qualified loan repayment' means any payment made on behalf of the taxpayer by the National Health Service Corps Loan Repayment Program under section 338B(g) of the Public Health Service Act (42 U.S.C. 254l-1(g)).".

(b) CONFORMING AMENDMENT.—Section 338B(g)(3) of the Public Health Service Act (42 U.S.C. 254l-1(g)(3)) is amended by striking "Federal, State, or local" and inserting "State or local".

(c) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the item relating to section 136 and inserting the following:

"Sec. 136. National Health Service Corps loan repayments.

"Sec. 137. Cross references to other Acts.".

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply to payments made under section 338B(g) of the Public Health Service Act (42 U.S.C. 254l-1(g)) after the date of the enactment of this section.

Subtitle B—Student Loan Deferment

SEC. 611. SHORT TITLE.

This subtitle may be cited as the "Resident Physician Student Loan Deferment Act."

SEC. 612. RESIDENT PHYSICIAN DEFERMENTS.

(a) FEDERALLY INSURED STUDENT LOANS.—Section 427(a)(2)(C)(i) of the Higher Education Act of 1965 (20 U.S.C. 1077(a)(2)(C)(i)) is amended—

(1) by striking "or" before subclause (III);

(2) by striking "except" and all that follows through "residency program"; and

(3) by inserting before the semicolon at the end the following: "or (IV) is serving in a medical internship or residency program accredited by the Accreditation Council for Graduate Medical Education or the Accrediting Committee of the American Osteopathic Association".

(b) FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS.—Section 428(b)(1)(M)(i) of the Act (20 U.S.C. 1078(b)(1)(M)(i)) is amended—

(1) by striking "or" before subclause (III);

(2) by striking "except" and all that follows through "residency program"; and

(3) by inserting before the semicolon at the end the following: "or (IV) is serving in a medical internship or residency program accredited by the Accreditation Council for Graduate Medical Education or the Accrediting Committee of the American Osteopathic Association".

(c) LOAN AGREEMENTS.—Section 464(c)(2)(A)(i) of the Act (20 U.S.C. 1087dd(c)(2)(A)(i)) is amended—

(1) by striking "except" and all that follows through "residency program"; and

(2) by inserting before the semicolon at the end the following: "or serving in a medical internship or residency program accredited by the Accreditation Council for Graduate Medical Education or the Accrediting Committee of the American Osteopathic Association".

(d) EFFECTIVE DATE.—The amendments made by this Act shall apply to any loan made, insured, or guaranteed under part B or part E of title IV of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq. and 1087kk et seq.), including a loan made before the date of enactment of this Act.

TITLE VII—LONG-TERM CARE INSURANCE

SEC. 701. QUALIFIED LONG-TERM CARE INSURANCE DEFINED AND TREATED AS ACCIDENT AND HEALTH INSURANCE.

(a) IN GENERAL.—Section 818 of the Internal Revenue Code of 1986 (relating to other definitions and special rules involving life insurance companies) is amended by adding at the end the following new subsection:

"(g) QUALIFIED LONG-TERM CARE INSURANCE TREATED AS ACCIDENT OR HEALTH INSURANCE.—

"(1) IN GENERAL.—For purposes of this subchapter, any reference to noncancellable accident or health insurance contracts shall be treated as including a reference to qualified long-term care insurance.

"(2) QUALIFIED LONG-TERM CARE INSURANCE.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'qualified long-term care insurance' means insurance under a policy or rider, issued by a qualified issuer, which provides coverage—

"(i) for not less than 12 consecutive months for each covered person,

"(ii) on an expense incurred, indemnity, disability, prepaid, or other basis,

"(iii) for—

"(I) 1 or more necessary or medically necessary diagnostic services, preventive services, therapeutic services, rehabilitation services, maintenance services, or personal care services, or

"(II) cognitive impairment or the loss of functional capacity, and

"(iv) in a setting other than in an acute care unit of a hospital.

"(B) QUALIFIED ISSUER.—For purposes of subparagraph (A), the term 'qualified issuer' means any of the following if subject to the jurisdiction and regulation of at least 1 State insurance department:

"(i) Private insurance company.

"(ii) Fraternal benefit society.

"(iii) Nonprofit health corporation.

"(iv) Nonprofit hospital corporation.

"(v) Nonprofit medical service corporation.

"(vi) Prepaid health plan."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1990.

SEC. 702. QUALIFIED LONG-TERM CARE INSURANCE TREATED AS ACCIDENT AND HEALTH INSURANCE FOR PURPOSES OF EXCLUSION FOR BENEFITS RECEIVED UNDER SUCH INSURANCE AND FOR EMPLOYER CONTRIBUTIONS FOR SUCH INSURANCE.

(a) IN GENERAL.—Section 105 of the Internal Revenue Code of 1986 (relating to amounts received under accident and health plans) is amended by adding at the end the following new subsection:

"(j) SPECIAL RULES RELATING TO QUALIFIED LONG-TERM CARE INSURANCE.—For purposes of section 104, this section, and section 106—

"(1) BENEFITS TREATED AS PAYABLE FOR SICKNESS, ETC.—Any benefit received through qualified long-term care insurance (as defined in section 818(g)) shall be treated as amounts received through accident or health insurance for personal injuries or sickness.

"(2) EXPENSES FOR WHICH REIMBURSEMENT PROVIDED UNDER QUALIFIED LONG-TERM CARE INSURANCE TREATED AS INCURRED FOR MEDICAL CARE OR FUNCTIONAL LOSS.—Expenses incurred by the taxpayer, his spouse, dependent, parents, the parents of his spouse, or grandparents to the extent of benefits paid under qualified long-term care insurance (as defined in section 818 (g)) shall be treated for purposes of subsection (b) as incurred for medical care (as defined in section 213(d)) and benefits received under the qualified long-term care insurance shall be treated for purposes of subsection (c) as payment for the permanent loss or loss of use of a member or function of the body or the permanent disfigurement of the taxpayer, his spouse, dependent, his parents, the parents of his spouse, or grandparents.

"(3) REFERENCES TO ACCIDENT AND HEALTH PLANS.—Any reference to an accident or health plan shall be treated as including a reference to a plan providing qualified long-term care insurance (as defined in section 818 (g)).".

(b) CURRENT DEDUCTION FOR EMPLOYER PREMIUMS FOR LONG-TERM CARE INSURANCE.—Subparagraph (B) of section 404(b)(2) of the Internal Revenue Code of 1986 (relating to plans providing certain deferred benefits) is amended by inserting before the period at the end the following: "or any benefit provided under qualified long-term care insurance (as defined in section 818 (g)) through the payment (in whole or in part) of premiums by an employer pursuant to a plan for its active or retired employees, but only if any refund or premium is applied to reduce the future costs of the plan or increase benefits under the plan."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1990.

SEC. 703. DEDUCTION OF EXPENSES RELATING TO QUALIFIED LONG-TERM CARE.

(a) IN GENERAL.—Paragraph (1) of section 213(d) of the Internal Revenue Code of 1986 (defining medical care) is amended by striking "or" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", or", and by adding after subparagraph (C) the following new subparagraph:

"(D) as premiums for qualified long-term care insurance (as defined in section 818(g)).".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1990.

SEC. 704. CAFETERIA PLANS.

(a) EXCEPTION FOR CERTAIN QUALIFIED LONG-TERM CARE INSURANCE.—Section

125(d)(2) of the Internal Revenue Code of 1986 (relating to the exclusion of deferred compensation plans) is amended by adding at the end the following new subparagraph:

"(D) EXCEPTION FOR CERTAIN QUALIFIED LONG-TERM CARE INSURANCE.—Subparagraph (A) shall not apply to qualified long-term care insurance (as defined in section 818(g)) provided under a plan if—

"(i) the employee may not surrender such insurance for cash, and

"(ii) if the terms of the plan permit, the employee may elect to continue the insurance upon cessation of participation in the plan."

(b) TREATMENT AS QUALIFIED BENEFITS.—Section 125(f) of the Internal Revenue Code of 1986 (defining qualified benefits) is amended by striking "section 79 and such term includes" and inserting "section 79, qualified long-term care insurance (as defined in section 818(g), and".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1990.

SEC. 705. EXCLUSION FROM GROSS INCOME FOR AMOUNTS WITHDRAWN FROM INDIVIDUAL RETIREMENT PLANS FOR QUALIFIED LONG-TERM CARE INSURANCE PREMIUMS.

(a) IN GENERAL.—Subsection (d) of section 408 of the Internal Revenue Code of 1986 (relating to tax treatment of distributions from individual retirement plans) is amended by adding at the end the following new paragraph:

"(8) DISTRIBUTIONS FOR QUALIFIED LONG-TERM CARE INSURANCE PREMIUMS.—

"(A) IN GENERAL.—No amount (which but for this paragraph would be includible in the gross income of the payee or distributee under paragraph (1)) shall be included in gross income during the taxable year if the distribution is used during such year to pay premiums for any qualified long-term health insurance policy for the benefit of the payee or distributee or the spouse of the payee or distributee.

"(B) DEFINITION OF LONG-TERM CARE INSURANCE.—For purposes of this paragraph, the term 'long-term care insurance' has the meaning given such term by section 818(g)."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1990.

SEC. 706. TAX TREATMENT OF ACCELERATED DEATH BENEFITS UNDER LIFE INSURANCE CONTRACTS.

(a) GENERAL RULE.—Section 101 of the Internal Revenue Code of 1986 (relating to certain death benefits) is amended by adding at the end the following new subsection:

"(g) TREATMENT OF CERTAIN ACCELERATED DEATH BENEFITS.—

"(1) IN GENERAL.—For purposes of this section, any amount paid to an individual under a life insurance contract on the life of an insured who is a terminally ill individual, who has a dread disease, or who has been permanently confined to a nursing home shall be treated as an amount paid by reason of the death of such insured.

"(2) TERMINALLY ILL INDIVIDUAL.—For purposes of this subsection, the term 'terminally ill individual' means an individual who has been certified by a physician, licensed under State law, as having an illness or physical condition which can reasonably be expected to result in death in 12 months or less.

"(3) DREAD DISEASE.—For purposes of this subsection, the term 'dread disease' means a medical condition which has required or requires extraordinary medical intervention without which the insured would die, or a medical condition which would, in the absence of extensive or extraordinary medical treatment, result in a drastically limited life span.

"(4) PERMANENTLY CONFINED TO A NURSING HOME.—For purposes of this subsection, an individual has been permanently confined to a nursing home if the individual is presently confined to a nursing home and has been certified by a physician, licensed under State law, as having an illness or physical condition which can reasonably be expected to result in the individual remaining in a nursing home for the rest of his life."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1990.

SEC. 707. TAX TREATMENT OF COMPANIES ISSUING QUALIFIED TERMINAL ILLNESS OR DREAD DISEASE RIDERS.

(a) QUALIFIED TERMINAL ILLNESS OR DREAD DISEASE RIDERS TREATED AS LIFE INSURANCE.—Section 818 of the Internal Revenue Code of 1986 (relating to other definitions and special rules involving life insurance companies), as amended by section 701, is further amended by adding at the end the following new subsection:

"(h) QUALIFIED TERMINAL ILLNESS OR DREAD DISEASE RIDERS TREATED AS LIFE INSURANCE.—

"(1) IN GENERAL.—For purposes of this part, any reference to life insurance shall be treated as including a reference to a qualified terminal illness or dread disease rider.

"(2) QUALIFIED TERMINAL ILLNESS OR DREAD DISEASE RIDER.—For purposes of this subsection, the term 'qualified terminal illness or dread disease rider' means any rider or addendum on, or other provision of, a life insurance contract which provides for payments to or for the benefit of an insured upon such insured becoming a terminally ill individual (as defined in section 101(g)(2)) or incurring a dread disease (as defined in section 101(g)(3))."

(b) DEFINITIONS OF LIFE INSURANCE AND MODIFIED ENDOWMENT CONTRACTS.—

(1) RIDER TREATED AS QUALIFIED ADDITIONAL BENEFIT.—Paragraph (5)(A) of section 7702(f) of the Internal Revenue Code of 1986 (defining qualified additional benefits) is amended by striking "or" at the end of clause (iv), by redesignating clause (v) as clause (vi), and by inserting after clause (iv) the following new clause:

"(v) qualified terminal illness or dread disease rider (as defined in section 818(h)(2)) or any qualified long-term care rider (as defined in section 818(g)(2)) which reduces the death benefit), or."

(2) TRANSITIONAL RULE.—For purposes of applying section 7702 or 7702A of the Internal Revenue Code of 1986 to any contract (or determining whether either such section applies to such contract), the issuance of a rider or addendum on, or other provision of, a life insurance contract permitting the acceleration of death benefits (as described in section 101(g)) or for qualified long-term care insurance (as described in section 818(g)) shall not be treated as a modification or material change of such contract.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning before, on, or after December 31, 1990.

TITLE VIII—STATE UNINSURABLE POOL PROGRAMS

SEC. 801. STATE UNINSURABLE POOL PROGRAMS.

Title XIX of the Public Health Service Act (42 U.S.C. 1901 et seq.) is amended by adding at the end the following new part:

"PART D—STATE UNINSURABLE POOLS

"SEC. 1941. DEFINITIONS.

"As used in this part:

"(1) MEDICALLY UNINSURABLE INDIVIDUAL.—The term 'medically uninsurable individual' means an individual—

"(A) who is a resident of a State;

"(B) who does not have health insurance coverage on the date on which the individual applies for health insurance coverage under a qualified uninsurable pool program in the State in which the individual is a resident;

"(C) who has received a notice from one or more insurance providers regarding coverage that is substantially similar to the coverage offered by the qualified uninsurable pool program in the State, without material underwriting restriction, and the notice is issued on the basis of a pre-existing medical condition of the individual and constitutes—

"(i) a notice of rejection;

"(ii) a notice of a reduction or limitation that substantially reduces health insurance benefits compared with benefits available to other individuals, such as a rider that excludes or modifies benefits for a condition for a period that is not less than 6 months; or

"(iii) a notice of an increase in premiums for health coverage for which the individual is applying or which the individual is receiving, that exceeds the premium rate for coverage provided by the qualified uninsurable pool program in the State; and

"(D) who is not eligible to receive benefits under title XVIII or XIX of the Social Security Act (42 U.S.C. 1395 et seq. and 1396 et seq.)

"(2) QUALIFIED UNINSURABLE POOL PROGRAM.—The term 'qualified uninsurable pool program' means a program that—

"(A) is operated by a nonprofit corporation established and regulated in accordance with State law;

"(B) has a membership that may include—

"(i) insurers writing expense-incurred health insurance;

"(ii) hospital and medical service plan corporations;

"(iii) health maintenance organizations; and

"(iv) employers;

"(C) makes available to all medically uninsurable individuals in a State, without regard to the health conditions of the individuals, levels of health insurance that are similar to the levels of coverage provided in the State by other insurers;

"(D) charges a pool premium rate that is not less than 125 percent, nor more than 150 percent, of the average premium rates for individual standard risks in the State for comparable coverage;

"(E) finances the losses of the pool program through general revenue sources; and

"(F) at the option of the State and to the extent practicable, constrains costs through the use of appropriately managed care.

"SEC. 1942. ALLOCATION OF FUNDS.

"The Secretary shall allocate funds to States, as provided in section 1944, to pay for the Federal share of the costs of establishing qualified State uninsurable pool programs. The Secretary may provide technical assistance to States in the planning and operation of activities to be carried out under this part.

"SEC. 1943. USE OF ALLOTMENTS.

"(a) QUALIFIED UNINSURABLE POOLS.—Except as provided in subsection (b), a State shall use funds allotted under this part to

support a qualified uninsurable pool program to provide health insurance for medically uninsurable individuals.

"(b) UNDERWRITING OF COSTS.—A State may use an allotment awarded to the State under this part to assist the State in underwriting the costs of a qualified uninsurable pool program for the State, in accordance with the requirements of this part.

"(c) ADMINISTRATIVE COSTS.—Not more than 10 percent of the amount paid to a State under section 1945 for a fiscal year may be used for administering the funds made available under section 1945 for the fiscal year.

"SEC. 1944. AWARD OF ALLOTMENTS.

"(a) IN GENERAL.—Except as provided in subsections (b) and (c), of the amount appropriated under section 1951 for a fiscal year, the Secretary shall allot to each State for the fiscal year an amount that bears the same ratio to the amount appropriated as the population of the State bears to the population of all States.

"(b) LIMITATIONS.—Notwithstanding subsection (a), the allotment of each State for a fiscal year—

"(1) may not be less than one-half of 1 percent of the total amount appropriated under section 1951 for the fiscal year; and

"(2) may not be more than 3 percent of the total amount appropriated under section 1951 for the fiscal year.

"(c) REVERSION OF FUNDS.—

"(1) IN GENERAL.—Funds appropriated under section 1951 for a fiscal year that are not allotted under subsection (a) because of a reason described in paragraph (2) shall be allotted as described in paragraph (3).

"(2) FUNDS NOT ALLOTTED.—Funds referred to in paragraph (1) are funds not otherwise allotted because one or more States—

"(A) have notified the Secretary that they do not intend to use the full amount of their allotment; or

"(B) have offset or repaid State allotments under section 1947(b)(2).

"(3) ALLOTMENT OF EXCESS FUNDS.—Funds not allotted for any fiscal year because of actions referred to in paragraph (2) shall be allotted among the remaining States in proportion to the amount otherwise allotted to the remaining States for the fiscal year concerned.

"SEC. 1945. PAYMENTS UNDER ALLOTMENTS TO STATES.

"(a) IN GENERAL.—

"(1) AMOUNT OF PAYMENT.—Except as otherwise provided in this part—

"(A) the Secretary shall pay to any State the Federal share of the costs of supporting State uninsurable pool programs under this part; and

"(B) no State may be paid an amount for any fiscal year in excess of the amount of the allotment for the State under section 1944 for the fiscal year.

"(2) FEDERAL SHARE.—The Federal share of the costs of supporting a State uninsurable pool program in any State under this part shall be 75 percent.

"(b) AVAILABILITY.—Any amount paid to a State for a fiscal year that remains unobligated at the end of the year shall remain available to the State for the purposes for which the payment was made for the next fiscal year.

"(c) REDUCTION OF PAYMENTS.—

"(1) REDUCTION FOR SUPPLIES OR DETAIL.—If the Secretary furnishes supplies or equipment or details an officer or employee of the Federal Government to a State for the convenience of, and at the request of, the State for the purpose of establishing a uninsurable pool program, the Secretary, at the request of a State, may reduce the amount of payments under subsection (a) by—

"(A) the fair market value of any supplies or equipment furnished to the State under this part; and

"(B) the amount of the pay, allowances, and travel expenses of any officer or employee of the Federal Government, when detailed to the State, and the amount of any other costs incurred in connection with the detail of the officer or employee.

"(2) USE OF REDUCTION.—The Secretary may use the amount by which any payment is reduced under paragraph (1) to pay the costs incurred in furnishing the supplies or equipment, or in detailing the personnel, on which the reduction of the payment is based. The amount shall be considered to be part of the payment and to have been paid to the State.

"SEC. 1946. APPLICATION.

"To receive an allotment for a fiscal year under this part, a State shall submit an application to the Secretary in such form, at such time, and containing such information, certifications, and assurances as the Secretary shall require. At a minimum, the application shall contain—

(1) certifications by the chief executive officer of each State that demonstrate to the satisfaction of the Secretary that—

"(A) the State will use the funds paid to the State under this part in accordance with this part;

"(B) the State will use Federal funds made available under this part for any period to supplement and increase the level of State, local, and other non-Federal funds that would be used to support State qualified uninsurable pool programs in the absence of Federal funds, and will in no event supplant the non-Federal funds; and

"(C) the State will provide from non-Federal sources the non-Federal share of the costs of supporting State qualified uninsurable pool programs; and

"(2) the amount the State intends to spend to carry out this part, including the amount of Federal funds that the State intends to use.

"SEC. 1947. REPORTS AND AUDITS.

"(a) REPORTS.—

"(1) ANNUAL REPORT BY STATE.—

"(A) IN GENERAL.—A State that receives funds under this part shall prepare and submit to the Secretary at least one report each year concerning the activities of the State under this part.

"(B) FORM AND CONTENTS.—Reports submitted under this paragraph shall be in such form and contain such information as the Secretary determines (after consultation with the States and the Comptroller General of the United States) to be necessary—

"(i) to determine whether funds provided to the State under this part are expended in accordance with this part and consistent with the insurance needs within the State;

"(ii) to inform the Secretary of the activities of the State under this part, including information regarding the insurance services provided, the entities involved in the pool program, and the individuals who receive the services; and

"(iii) to inform the Secretary of the purposes for which funds provided under this part are spent, of the recipients of the funds, and of the progress made toward achieving the purposes for which the funds were provided.

"(C) COPIES.—Copies of the report submitted under this paragraph shall be provided, on request, to any interested person, including any public agency.

"(2) PROHIBITION ON BURDENSOME REPORTING REQUIREMENTS.—In determining the information that States must include in the report required by this subsection, the Secretary shall not establish reporting requirements that are burdensome.

"(b) AUDITING PROCEDURES.—

"(1) ESTABLISHMENT OF FISCAL CONTROLS.—To receive funds under this part, a State shall—

"(A) establish fiscal control and fund accounting procedures as may be necessary to assure the proper disbursal of and accounting for Federal funds paid to the State under this part;

"(B) provide for an annual audit of expenditures from payments received under this part;

"(C) provide for the annual audit to be performed by an entity independent of any agency administering a program funded under this part and, insofar as practical, in accordance with the standards of the Comptroller General of the United States for auditing governmental organizations, programs, activities, and functions;

"(D) submit a copy of each audit to the Secretary not later than 30 days after the date the audit is completed; and

"(E) make copies of each audit available for public inspection within the State.

"(2) REPAYMENTS TO THE UNITED STATES.—If the Secretary determines that a State has not expended funds awarded under this part in accordance with the requirements of this part, after providing the State with adequate notice and an opportunity for a hearing within the State, the Secretary shall require the State to repay to the United States amounts found not to have been expended in accordance with the requirements of this part. If the repayment is not made, the Secretary shall, after providing the State with adequate notice and opportunity for a hearing within the State, offset the amounts against the amount of any allotment to which the State is or may become entitled under this part.

"(3) EVALUATION OF EXPENDITURES.—The Comptroller General of the United States shall, from time to time, evaluate expenditures made by the States of payments made to the States under this part in order to assure that expenditures are consistent with the provisions of this part.

"(4) REPORT BY SECRETARY.—Not later than October 1, 1991, the Secretary shall submit to the appropriate committees of Congress, a report concerning the activities of the States that have received funds under this part and may include in the report such recommendations for legislative action as the Secretary considers appropriate.

"(c) OMNIBUS BUDGET RECONCILIATION ACT OF 1981.—Chapter 2 of subtitle C of title XVII of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35; 95 Stat. 762 et seq.) shall not apply with respect to audits of funds allotted under this part.

"(d) DATA AND INFORMATION.—The Secretary, in consultation with appropriate national organizations, shall develop model criteria and forms for the collection of data and information with respect to services provided under this part to enable States to share uniform data and information with respect to the provision of the services.

"SEC. 1948. WITHHOLDING.

"(a) IN GENERAL.—

"(1) NOTICE AND HEARING.—The Secretary shall, after adequate notice and an opportu-

nity for a hearing conducted within the State concerned, withhold funds from any State that does not use its allotment in accordance with the requirements of this part. The Secretary shall withhold the funds until the Secretary finds that the reason for the withholding has been removed and there is reasonable assurance that it will not recur.

"(2) INVESTIGATION.—The Secretary shall not institute proceedings to withhold funds under paragraph (1) unless the Secretary has conducted an investigation concerning whether the State has used its allotment in accordance with the requirements of this part. Investigations required by this paragraph shall be conducted within the State concerned by qualified investigators.

"(3) RESPONSE TO COMPLAINTS.—The Secretary shall respond in an expeditious manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the requirements of this part.

"(4) MINOR FAILURE.—The Secretary shall not withhold funds under paragraph (1) from a State for a minor failure to comply with the requirements of this part.

"(b) INVESTIGATIONS.—

"(1) BY SECRETARY.—The Secretary shall conduct in several States in each fiscal year investigations of the use of funds received by the States under this part in order to evaluate compliance with the requirements of this part.

"(2) BY COMPTROLLER GENERAL.—The Comptroller General of the United States may conduct investigations of the use of funds received under this part by a State in order to insure compliance with the requirements of this part.

"(c) AVAILABILITY OF RECORDS.—To receive funds under this part, a State shall agree to make appropriate books, documents, papers, and records available to the Secretary or the Comptroller General of the United States for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity on a reasonable request.

"(d) UNREASONABLE REQUESTS.—

"(1) IN GENERAL.—In conducting an investigation in a State to determine compliance with this part, the Secretary or the Comptroller General of the United States shall not make a request for any information not readily available to the State or make an unreasonable request for information to be compiled, collected, or transmitted in any form not readily available.

"(2) JUDICIAL EXCEPTION.—Paragraph (1) shall not apply to the collection, compilation, or transmittal of data in the course of a judicial proceeding.

"SEC. 1949. NONDISCRIMINATION.

"(a) IN GENERAL.—

"(1) CONSTRUCTION.—Programs and activities funded in whole or in part with funds made available under this part are considered to be programs and activities receiving Federal financial assistance for the purpose of prohibitions against discrimination—

"(A) on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.);

"(B) on the basis of handicap under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794);

"(C) on the basis of sex under title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); or

"(D) on the basis of race, color, or national origin under title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.).

"(2) GENDER OR RELIGIOUS DISCRIMINATION.—No person may be excluded from participation in, denied the benefits of, or subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this part, on the basis of sex or religion.

"(b) FAILURE TO COMPLY.—If the Secretary finds that a State has failed to comply with a provision of law referred to in paragraph (1) or (2) of subsection (a), or with an applicable regulation, the Secretary shall notify the chief executive officer of the State and shall request the officer to secure compliance. If within a reasonable period of time, not to exceed 60 days following the date of the notice, the chief executive officer fails or refuses to secure compliance, the Secretary may—

"(1) refer the matter to the Attorney General of the United States with a recommendation that an appropriate civil action be instituted;

"(2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.) or section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as may be applicable; or

"(3) take such other action as may be provided by law.

"(c) REFERENCE TO ATTORNEY GENERAL.—When a matter is referred to the Attorney General under subsection (b)(1), or whenever the Attorney General has reason to believe that a State is engaged in a pattern or practice in violation of a provision of law referred to in paragraph (1) or (2) of subsection (a), the Attorney General may bring a civil action in any appropriate district court of the United States for such relief as may be appropriate, including injunctive relief.

"SEC. 1950. CRIMINAL PENALTY FOR FALSE STATEMENTS.

"A person shall be imprisoned for not more than 5 years or fined in accordance with title 18, United States Code, or both, if the person—

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in connection with the furnishing of items or services for which payment may be made by a State from funds allotted to the State under this part; or

"(2) having knowledge of the occurrence of any event affecting the initial or continued right of an individual to any such payment, conceals or fails to disclose the event with an intent to fraudulently secure the payment either in a greater amount than is due or when no such payment is authorized.

"SEC. 1951. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $50,000,000 in fiscal year 1991, and such sums as may be necessary in each of the subsequent fiscal years.".

TITLE IX—MEDICAID COVERAGE DEMONSTRATION PROJECTS

SEC. 901. DEMONSTRATION PROJECTS TO STUDY THE EFFECT OF ALLOWING STATES TO EXTEND MEDICAID COVERAGE TO CERTAIN LOW-INCOME FAMILIES NOT OTHERWISE QUALIFIED TO RECEIVE MEDICAID BENEFITS.

(a) DEMONSTRATION PROJECTS.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall enter into agreements with two States for the purpose of conducting demonstration projects to study the effect on access to, and costs of, health care of eliminating the categorical eligibility requirement for medicaid benefits for certain low-income individuals.

(2) REQUIREMENTS.—The Secretary may not enter into an agreement with a State to conduct a project unless the Secretary determines that—

(A) the project can reasonably be expected to improve access to health insurance coverage for the uninsured;

(B) the State provides, under its plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), for eligibility for medical assistance for all individuals described in paragraph (1) of section 1902(l) of such Act (42 U.S.C. 1396a(l)(1)) (based on the election of the State of the highest income standards and, for children, highest ages permitted under such section and based on the waiver of the State of the application of any resource standard);

(C) eligibility for benefits under the project is limited to individuals in families with income below 150 percent of the income official poverty line;

(D) if the Secretary determines that it is cost-effective for the project to utilize employer coverage (as described in section 1925(b)(4)(D) of the Social Security Act (42 U.S.C. 1396r-6(b)(4)(D)), the project must require an employer contribution and benefits under the State plan under title XIX of such Act will continue to be made available to the extent they are not available under the employer coverage;

(E) the project provides for coverage of benefits consistent with subsection (b); and

(F) the project only imposes premiums, coinsurance, and other cost-sharing consistent with subsection (c).

(3) PERMISSIBLE RESTRICTIONS.—A project may limit eligibility to individuals whose assets are valued below a level specified by the State. For this purpose, any evaluation of such assets shall be made in a manner consistent with the standards for valuation of assets under the State plan under title XIX of the Social Security Act for individuals entitled to assistance under part A of title IV of such Act (42 U.S.C. 601 et seq.). Nothing in this section shall be construed as requiring a State to provide for eligibility for individuals for months before the month in which such eligibility is first established.

(4) EXTENSION OF ELIGIBILITY.—A project may provide for extension of eligibility for medical assistance for individuals covered under the project in a manner similar to that provided under section 1925 of the Social Security Act (42 U.S.C. 1396r-6) to certain families receiving aid pursuant to a plan of the State approved under part A of title IV of such Act.

(5) WAIVER OF REQUIREMENTS.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary may waive such requirements of title XIX of the Social Security Act as may be required to provide for additional coverage of individuals under projects under this section.

(B) NONWAIVABLE PROVISIONS.—The Secretary may not waive, under subparagraph (A), the requirement of section 1902(a)(1) of the Social Security Act (42 U.S.C. 1396a(a)(1)) or the Federal medical assistance percentage specified in section 1905(b) of such Act (42 U.S.C. 1396d(b)).

(b) BENEFITS.—

(1) IN GENERAL.—Except as provided in this subsection, the amount, duration, and scope of medical assistance made available under a project shall be the same as the amount, duration, and scope of such assistance made available to individuals entitled to medical assistance under the State plan under sec-

tion 1902(a)(10)(A)(i) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(i)).

(2) LIMITS ON BENEFITS.—

(A) REQUIRED.—No medical assistance shall be made available under a project for nursing facility services or other long-term care services (as defined by the Secretary) or for pregnancy-related services. No medical assistance shall be made available under a project to individuals confined to a State correctional facility, county jail, local or county detention center, or other State institution.

(B) PERMISSIBLE.—A State, with the approval of the Secretary, may limit or otherwise deny medical assistance under the project for items and services, other than early and periodic screening, diagnostic, and treatment services for children under 18 years of age.

(3) USE OF UTILIZATION CONTROLS.—Nothing in this subsection shall be construed as limiting the authority of a State to impose controls over utilization of services, including preadmission requirements, managed care provisions, use of preferred providers, and use of second opinions before surgical procedures.

(c) PREMIUMS AND COST-SHARING.—

(1) NONE FOR THOSE WITH INCOME BELOW THE POVERTY LINE.—Under a project, there shall be no premiums, coinsurance, or other cost-sharing for individuals whose family income level does not exceed 100 percent of the income official poverty line (as defined in subsection (g)(1)) applicable to a family of the size involved.

(2) LIMIT FOR THOSE WITH INCOME ABOVE THE POVERTY LINE.—Under a project, for individuals whose family income level exceeds 100 percent, but is less than 150 percent, of the income official poverty line applicable to a family of the size involved, the monthly average amount of premiums, coinsurance, and other cost-sharing for covered items and services shall not exceed 3 percent of the family's average gross monthly earnings.

(3) INCOME DETERMINATION.—Each project shall provide for determinations of income in a manner consistent with the methodology used for determinations of income under title XIX of the Social Security Act for individuals entitled to benefits under part A of title IV of such Act (42 U.S.C. 601 et seq.).

(d) DURATION.—Each project under this section shall commence not later than July 1, 1991 and shall be conducted for a 3-year period; except that the Secretary may terminate such a project if the Secretary determines that the project is not in substantial compliance with the requirements of this section.

(e) LIMITS ON EXPENDITURES AND FUNDING.—

(1) IN GENERAL.—The Secretary in conducting projects shall limit the total amount of the Federal share of benefits paid and expenses incurred under title XIX of the Social Security Act to no more than $10,000,000 in each of fiscal years 1991, 1992, and 1993, and to no more than $2,000,000 in fiscal year 1994.

(2) NO FUNDING OF CURRENT BENEFICIARIES.—No funding shall be available under a project with respect to medical assistance provided to individuals who are otherwise eligible for medical assistance under the plan without regard to the project.

(3) NO INCREASE IN FEDERAL MEDICAL ASSISTANCE PERCENTAGE.—Payments to a State under a project with respect to expenditures made for medical assistance made available under the project may not exceed the Federal medical assistance percentage (as defined in section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)) of such expenditures.

(f) EVALUATION AND REPORT.—

(1) EVALUATIONS.—For each project the Secretary shall provide for an evaluation to determine the effect of the project with respect to—

(A) access to, and costs of, health care,

(B) private health care insurance coverage, and

(C) premiums and cost-sharing.

(2) REPORTS.—The Secretary shall prepare and submit to Congress an interim report containing a summary of the evaluations under paragraph (1) not later than January 1, 1993, and a final report containing such summary together with such further recommendations as the Secretary may determine appropriate not later than January 1, 1995.

(g) DEFINITIONS.—In this section:

(1) The term "income official poverty line" means such line as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2)).

(2) The term "project" refers to a demonstration project under subsection (a).

(3) The term "Secretary" means the Secretary of Health and Human Services.

By Mr. SHELBY:

S. 3044. An act to amend title XVIII of the Social Security Act to repeal the requirement that all nonparticipating physicians file Medicare claims on behalf of all of their patients who are Medicare beneficiaries; to the Committee on Finance.

REPEAL OF FILING REQUIREMENT FOR NONPARTICIPATING PHYSICIANS

● Mr. SHELBY. Mr. President, I rise today to introduce legislation that will repeal the Medicare claims filing provision contained in the 1989 budget reconciliation bill.

This provision, which took effect on September 1, mandates that physicians and medical suppliers file claims for all of their patients who are Medicare beneficiaries or be subject to penalties.

Last year, we made great strides toward bringing some relief to doctors and the medical community through much needed reforms in the Medicare physician payment system. While the need for a more equitable physician payment system was addressed, some physicians will be saddled with expensive increases in administrative costs with the enactment of the claims filing provision.

Physicians in small or solo practices, particularly in rural areas, will suffer the most. The availability of rural health care in this country is tenuous at best and increased paperwork is among the most frequently cited reasons why physicians are terminating practices. Doctors in rural areas generally do not possess the processing ability to handle additional claims and cannot afford the cost and administrative burden necessary to comply with the claims filing provision.

Furthermore, mandatory claims filing is unnecessary.

More than 46 percent of all doctors are participating physicians, accept all Medicare claims on assignment and file patients' claims;

Over 80 percent of individual claims are already submitted by physicians on assignment; and

Between 90 to 95 percent of all claims are filed voluntarily by physicians, whether taken on assignment or not.

It has been said that, "If something isn't broke, don't fix it." Clearly, mandatory claims filing is an onerous provision that puts undue burden on the medical community and further discourages physicians to treat Medicare patients.

Congressman JOE KOLTER of Pennsylvania has introduced similar legislation in the House of Representatives. I hope that my colleagues in the Senate will join me in support of this important legislation.●

By Mr. RIEGLE (for himself, Mr. SHELBY, Mr. KERRY, Mr. GRAHAM, Mr. D'AMATO, Mr. DODD, Mr. CRANSTON, Mr. AKAKA, Mr. WIRTH, Mr. METZENBAUM, and Mr. SIMON):

S. 3045. A bill to authorize the Federal Deposit Insurance Corporation to increase deposit insurance premiums as necessary to protect the bank insurance fund; to the Committee on Banking, Housing, and Urban Affairs.

INCREASE IN DEPOSIT INSURANCE PREMIUMS

● Mr. RIEGLE. Mr. President, I rise to introduce a short but important piece of legislation I have prepared to give the Federal Deposit Insurance Corporation authority to increase deposit insurance assessments on commercial banks.

At the request of the Senate Banking Committee, both the General Accounting Office and the Congressional Budget Office have recently analyzed the condition of the bank insurance fund. The results of these analyses are disturbing. Charles Bowsher, Comptroller General of the United States, told the committee on September 11 that:

> Not since its birth during the Great Depression has the federal system of deposit insurance for commercial banks faced such a period of danger and uncertainty as it does today. Issues arising from our audit of the Bank Insurance Fund's 1989 financial statements * * * cause us both apprehension and concern for the safety and soundness of the Fund in the 1990's.

The Congressional Budget Office reached much the same conclusion. Robert Reischauer, Director of the Congressional Budget Office, testified that if current economic conditions persist, bank insurance fund reserves will decline to a mere 0.4 percent of insured deposits in America's commercial banks by 1993. That is less than

one-third the 1.25 percent reserve level required by law. Mr. Reischauer's testimony clearly warned that an economic downturn could exacerbate the precarious condition of the fund:

The uncertain economic outlook, exacerbated by declines in real estate values and sharp increases in oil prices, raises concerns that spending from the fund could be greater during the next few years than we have estimated. * * *Generally, a weaker economy would increase the likelihood of bank failures by reducing the value of bank assets, increasing loan defaults, and placing additional pressure on bank earnings.

Perhaps the economic expansion will continue. Perhaps real estate prices will start rising again and oil prices will start falling. But we need to be prepared in case the worse case occurs.

Unfortunately, current law precludes the FDIC from being adequately prepared for the worst case. Under existing law, the FDIC's authority to raise deposit insurance premiums for commercial banks is limited to a maximum of 7.5 cents per hundred dollars of insured deposits per year. The FDIC has already announced plans to implement such an increase in January 1991. That increase will put the premium at 19.5 cents. No further increase will be possible until January 1992.

Maybe 19.5 cents will be enough. Maybe not. But if we can draw only one lesson from the thrift crisis, let's make it this one: We can't afford to wait and see. To protect the bank insurance fund and the taxpayers who stand behind it, current law must be amended now to enhance the FDIC's authority to raise insurance premiums for commercial banks.

This bill gives the FDIC the authority it needs to take such protective measures. It amends existing law by removing current restrictions on the FDIC's ability to raise deposit insurance premiums for commerical banks. Under this bill, the FDIC will be directed simply to set premiums at whatever rate is needed to achieve or maintain the 1.25-percent target reserve level mandated by existing law.

The bill does not require the FDIC to bring the fund up to the 1.25-percent level all at once. On the contrary, it gives the FDIC a reasonable period of time to achieve compliance with the target level. That reasonable period standard is consistent with existing law.

In fact, I should emphasize that the bill does not require the FDIC to raise premiums at all. But it gives the FDIC authority to raise premiums if an increase becomes necessary to protect the bank insurance fund. The bill preserves the requirement of existing law that, in considering whether to raise premiums, the FDIC must consider the effect such an increase would have on the earnings of commerical banks.

This is a simple, straightforward piece of legislation. It seeks to head off what could otherwise develop into a major problem. For America's taxpayers, one bailout of our deposit insurance system is one too many. This legislation could prove important in helping to prevent bailout No. 2. I urge my colleagues to join in supporting it and working toward its rapid enactment into law.

Let me also take this occasion to call on the Secretary of the Treasury and the Chairman of the Federal Deposit Insurance Corporation to give careful consideration to the adequacy of the statutory target for the bank insurance fund. Current law obliges the FDIC to seek to attain and maintain a fund balance equal to 1.25 percent of insured deposits. But in his testimony before the Banking Committee, the Comptroller General expressed strong concern about whether that target ratio makes sense. Mr. Bowsher said:

[T]here appears to be no empirical basis for the 1.25 percent minimum reserve ratio. We are concerned that even if the minimum reserve ratio could be achieved, it would not be sufficient to protect the taxpayers in the event of a recession. Over the next few years, low levels of reserves coupled with a recession could lead to a level of bank failures that would exhaust the Fund and require taxpayer assistance.

The 1.25-percent ratio in existing law has no real analytical basis. On the contrary, it simply reflects the historical level of the fund in recent decades. In light of the changes that have been taking place in the commercial banking industry, and in light of Mr. Bowsher's testimony, I believe the administration should quickly and thoroughly review the adequacy of the target reserve ratio and report to Congress on whether it should be adjusted.

Mr. President, at my request, Banking Committee staff have prepared a brief analysis of this bill. It's not really a section-by-section, since the bill only has one section. But I think it may be helpful to my colleagues, so I ask unanimous consent that the analysis be inserted in the RECORD. Let me also request unanimous consent that the text of the bill be printed in the RECORD. Finally, I ask unanimous consent that there be included in the RECORD a copy of a letter I have sent to President Bush seeking his immediate support for this bill and his long-term support for comprehensive deposit insurance reform legislation. I believe the President's support is critical to achieving success in both these areas.

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

S. 3045

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

SECTION 1. FDIC AUTHORIZED TO INCREASE BANKS' DEPOSIT INSURANCE ASSESSMENTS AS NECESSARY TO PROTECT THE BANK INSURANCE FUND.

(a) IN GENERAL.—Section 7(b)(1)(C) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(1)(C)) is amended to read as follows:

"(C) ASSESSMENT RATE FOR BANK INSURANCE FUND MEMBERS.—

"(i) IN GENERAL.—The annual assessment rate for Bank Insurance Fund members shall be such rate as the Board of Directors, in its sole discretion, determines to be appropriate—

"(I) to maintain the reserve ratio at a level equal to the designated reserve ratio; or

"(II) if the reserve ratio is less than the designated reserve ratio, to restore the reserve ratio to the designated reserve ratio within a reasonable period of time.

"(ii) FACTORS TO BE CONSIDERED.—In making any determination under clause (i), the Board of Directors shall consider the Bank Insurance Fund's expected operating expenses, case resolution expenditures, and investment income, and the effect of the assessment rate on insured banks' earnings and capital.

"(iii) MINIMUM ASSESSMENT.—The assessment shall be not less than $1,000 for each member in each year.".

(b) AUTHORITY FOR FDIC TO MAKE MID-YEAR ADJUSTMENT IN ASSESSMENT RATES.—Section 7(b)(1)(A) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(1)(A)) is amended to read as follows:

"(A) ANNUAL ASSESSMENT RATES PRESCRIBED.—

"(i) The Corporation shall, from time to time, set assessment rates for insured depository institutions.

"(ii) The Corporation shall fix the annual assessment rate of Bank Insurance Fund members independently from the annual assessment rate for Savings Association Insurance Fund members.

"(iii) The Corporation shall announce any change in the annual assessment rates—

"(I) for the semiannual period beginning on January 1 and ending on June 30, not later than the preceding November 1; and

"(II) for the semiannual period beginning on July 1 and ending on December 31, not later than the preceding May 1.

COMMITTEE ON BANKING,
HOUSING, AND URBAN AFFAIRS,
Washington, DC, September 12, 1990.

Hon. GEORGE W. BUSH,
President of the United States, The White House, Washington, DC.

DEAR MR. PRESIDENT: At the Committee's request, both the General Accounting Office and the Congressional Budget Office have recently analyzed the condition of the Bank Insurance Fund, which provides deposit insurance for America's commercial banks.

Both of these analyses concluded that the Fund's condition is precarious. In his testimony before the Committee, Comptroller General Charles Bowsher stated:

"Not since its birth during the Great Depression has the federal system of deposit insurance for commercial banks faced such a period of danger and uncertainty as it does today. Issues arising from our audit of the Bank Insurance Fund's 1989 financial statements . . . cause us both apprehension and concern for the safety and soundness of the Fund in the 1990s."

The American people have had enough of taxpayer bailouts of our deposit insurance system. I believe the Administration and

Congress must act quickly and decisively to head off potential problems with the Bank Insurance Fund before the fund becomes insolvent, before it becomes a liability to the taxpayer.

In the next few days, I will introduce legislation to give the Federal Deposit Insurance Corporation authority it may need to raise deposit insurance assessments on commercial banks. In my opinion, failure to enact such legislation before Congress adjourns in October could leave the FDIC powerless to take actions that may be necessary to protect the Bank Insurance Fund should the economy continue to slow this winter.

I urge you to lend your support to this legislation.

Although I am sure you join me in hoping the FDIC will not need to increase banks' insurance premiums, our first priority must be to protect the Bank Insurance Fund and the taxpayers who stand behind it. Giving the FDIC additional authority to raise premiums is a vital interim measure to provide such protection.

At the same time, however, we cannot ignore the need for a longer-term solution. Following closely behind the insolvency of the Federal Savings and Loan Insurance Corporation, the current condition of the Bank Insurance Fund underscores the need for comprehensive deposit insurance reform. Such comprehensive reform is needed not only to protect America's taxpayers, but also to protect its depository institutions, which cannot afford to pay ever-escalating deposit insurance premiums.

Many promising proposals for deposit insurance reform have emerged in recent months, and more are emerging on almost a daily basis. In the spirit of encouraging discussion of the issues, I intend to advance a proposal of my own shortly. I am aware, too, that the Treasury Department is preparing a proposal, and I am confident that proposal will make a significant contribution to the debate when it is complete. In the final analysis, however, I believe your personal support for comprehensive deposit insurance reform will be critical if such reform is to be enacted next year, either on its own or in combination with financial services modernization and regulatory restructuring legislation.

Accordingly, I urge you to make deposit insurance reform a top priority for your Administration. As Chairman of this Committee, I am eager to work with you and members of your Administration to put America's deposit insurance system back on a sound footing for the good of America's depository institutions and taxpayers.

Sincerely,

DONALD W. RIEGLE, Jr.,
Chairman.

EXPLANATION OF THE BILL

A. LIMITATIONS ON ASSESSMENT RATES

1. CURRENT LAW.—Current law sets premiums ("assessments") for the Bank Insurance Fund at 15 cents per $100 of deposits for 1991 and subsequent years. The FDIC can raise assessments above that level only subject to the following restrictions:

(1) The assessment rate cannot increase more than 7.5 cents per year, regardless of the condition of the fund;

(2) The assessment rate cannot, under any circumstances, exceed 32.5 cents per $100 of deposits; and

(3) The assessment rate cannot be increased before January 1, 1995, so long as the fund's ratio of reserves to insured deposits "is increasing on a calendar year basis."

The assessment rate was 12 cents per $100 of deposits for 1990. The FDIC has proposed to increase the rate to 19.5 cents—the maximum increase allowed under current law—but the increase may not be enough to prevent a major decline in the Bank Insurance Fund's reserves.

2. BILL.—The bill removes these restrictions, and permits the FDIC to set the assessment rate at the level the FDIC determines to be appropriate:

To maintain the Bank Insurance Fund's reserves at the target level (now $1.25 in reserves for each $100 in insured deposits, with the FDIC having discretion under current law to increase it to $1.50); or

If the fund's reserves are below the target level, to restore the reserves to the target level.

The FDIC would have "a reasonable period of time" to restore the fund's reserves to the target level. (This "reasonable period" standard is current law.)

When setting assessment rates, the FDIC would, as under current law, consider the fund's expected operating expenses, case resolution expenditures, and investment income, and the effect of assessment rates on banks' earnings and capital. By specifying that the FDIC would set assessment rates "in its sole discretion," the bill would discourage litigation over such rates.

The minimum assessment would be $1,000 per bank per year, as under current law.

B. MID-YEAR ADJUSTMENT

1. CURRENT LAW.—Banks pay FDIC assessments in two semiannual installments. The first is due on January 1, and the second on July 1. But current law requires the installments to be of equal size. In fact, the FDIC must set the assessment rates for a calendar year by September 30 of the preceding year. Rates cannot be increased after that date—regardless of how events may undermine the Bank Insurance Fund's reserves.

2. BILL.—The bill would authorize the FDIC to make a mid-year adjustment in the Bank Insurance Fund's assessment rate. The assessment rate for the first half of a calendar year would be set by November 1 of the preceding year, and the rate for the second half of a year by May 1 of that year. This increases the FDIC's flexibility to protect the fund, while still providing banks 60 days notice of the new rate.●

By Mr. MOYNIHAN:

S. 3046. A bill to redesignate the Federal building located at 1 Bowling Green in New York, NY, as the "Alexander Hamilton United States Custom House"; to the Committee on Environment and Public Works.

ALEXANDER HAMILTON UNITED STATES CUSTOM HOUSE

● Mr. MOYNIHAN. Mr. President, I am pleased to introduce a bill that will provide a monument and an honor to a most prominent New Yorker and one of our Nation's Founding Fathers, Alexander Hamilton. This bill would designate the U.S. Custom House at 1 Bowling Green in Manhattan, NY, the Alexander Hamilton United States Custom House.

How appropriate to name the Custom House Building for Alexander Hamilton, our Nation's first Secretary of the Treasury. Prior to the Federal income tax of 1913, customs duties were the major source of revenues for the Federal Government. And the collection of customs duties and excise taxes were the responsibility of Hamilton's Treasury Department.

As one of his first duties as Secretary, Hamilton undertook a plan to pay off debts accumulated during the Revolutionary War, including those debts accumulated by the States. He sent his "Report on the Public Credit," to the House of Representatives on January 14, 1790, just 8½ months after Washington took the oath of office. This was one of the pivotal acts in our young country's ability to establish international credit.

A strong foundation for the new Republic was laid when Hamilton's recommendations were adopted and the new national government assumed the whole of the debt contracted by the newly denominated States during the Revolutionary War.

Hamilton has been often misquoted as saying that "a national debt is a national blessing." In fact, it was Hamilton's view that "the proper funding of the debt will render it a national blessing." A proposition that our budget summiters would be wise to heed.

To Hamilton we owe more than the creditworthiness of our Nation. It is to Hamilton, as well as Jefferson and Madison, who we owe the location of our Capital here on the banks of the Potomac. A dinner at Jefferson's Maiden Lane home in June 1790, attended by Hamilton and Madison, produced the compromise that led to the South's acquiesence in Hamilton's controversial debt assumption proposal. In exchange for Southern votes, Hamilton supported moving the Capital from New York City to Washington, by way of Philadelphia for a brief 10-year period.

The Custom House offers other ties to Hamilton. He had his home and law office on the Bowling Green in lower Manhattan within a few yards of the current Custom House location. It was at the Bowling Green that Hamilton drilled his Hearts of Oak infantry company, in preparation for active duty in the Revolution. His office as the first Secretary of the Treasury was in nearby Fraunces Tavern, and he and his wife are interred in Trinity Churchyard at the head of Wall Street.

The Beaux Arts Custom House designed by Cass Gilbert in 1907 is in the heart of New York's financial center. Gilbert, of course, is best known as the architect of the Supreme Court. The Custom House facade also contains sculpture by Daniel Chester French, the sculptor of the Lincoln Memorial. Hamilton spent much of his life in this area. He played a prominent role in the city and State of New York. Serving in the State assembly and found-

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ing the city's oldest continuously published newspaper, the New York Post. As a landmark in the emergence of New York City and America as the financial center of the world, the Custom House in New York City presents an appropriate structure in both function and beauty to honor Alexander Hamilton.

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

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

S. 3046

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

SECTION 1. REDESIGNATION.

The Federal building located at 1 Bowling Green in New York, New York, and known as the United States Custom House, shall be known and designated as the "Alexander Hamilton United States Custom House".

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the Federal building referred to in section 1 shall be deemed to be a reference to the "Alexander Hamilton United States Custom House".●

By Mr. DECONCINI (for himself and Mr. METZENBAUM):

S. 3047. A bill to amend the antitrust laws in order to preserve and promote wholesale and retail competition in the retail gasoline market; to the Committee on the Judiciary.

MOTOR FUEL CONSUMER PROTECTION ACT OF 1990

● Mr. DECONCINI. Mr. President, I am pleased to introduce today the Motor Fuel Consumer Protection Act of 1990. The events which have occurred in the petroleum marketplace since the Iraqi invasion of Kuwait emphasize the need for this legislation. The major oil companies, because of their control over the supply and price of gasoline, should be divorced from operating retail service stations.

Refiners are charging less for a gallon of gasoline at the stations they own and operate than the wholesale price they are charging the independently owned and operated stations, squeezing the independents out of the market. This is unfair to the independents and unfair to the consumer. The legislation I am introducing would ensure that the retail sale of gasoline remains competitive.

This is not a new idea. At least six States have adopted similar legislation known as retail divorcement, with two, Connecticut and Maryland, prohibiting all refiners from operating any retail service stations. The results in Maryland have been positive and a recent study concluded that consumers were saving $117 million a year because of divorcement.

Furthermore, my bill is similar to legislation introduced in past Congresses. The Senate Judiciary Committee has held hearings on this issue and reported a divorcement bill in 1986. In light of the current uncertainty in the Middle East and the need for a reliable and competitive market for gasoline, the time to reconsider the legislation is now.

Under this legislation, oil companies will be prohibited from requiring that independent dealers purchase more than 70 percent of their oil supplies from the companies' refiners. Dealers will be able to convert one or more pumps or add new pumps to dispense the gas purchased from other than the brand-name supplier. In order to protect the customer from any confusion about the source of the gasoline, dealers will be required to provide reasonable notice that the gas is not from the brand-name supplier.

This provision will give the independent dealers the flexibility they need to find more competitively priced gas on the open market. Currently, the dealers are required to purchase their entire supply from the refiner at a price set by the refiner. There is no flexibility and thus competitive forces are not permitted to operate.

In addition, the bill will prohibit large integrated refiners from controlling the operations of retail gas stations. Large integrated refiners are those companies which have a refining capacity of over 175,000 barrels a day and which produce more than 30 percent of the crude oil supplied to its own refiners. Restricting refiners from retailing will force them to compete for market share by offering their retailers competitive wholesale prices, to be passed on to the motorist. Major refiners could still retain ownership of their locations, lease them to dealers and supply them with product, but they will have to allow free market forces to operate.

The bill gives the Federal Trade Commission responsibility for enforcement of the act and also authorizes private rights of action by those affected by a company's failure to comply with the legislation. The bill will take effect 1 year after enactment to provide time for the refiners and dealers to comply with the new provisions.

It is clear the major oil companies intend to sharply increase the number of company operated stations and squeeze out their competition. The impact on the consumer is substantial. For example, in Phoenix, AZ, retail prices were about 10 cents below the national average when independent refiners and independent marketers controlled its market. Today, the market is almost totally controlled by major refiners and prices are above the national average.

Furthermore, these new company owned and operated stations do not provide any customer service, thus depriving consumers of needed repair shops. How many of us remember the time when you could get reliable and affordable car maintenance and repairs from your local service station dealer? These type of stations are slowly but continually declining because of the move by refiners to take over the operations of service stations. Inadequate emergency and repair facilities are resulting in a real problem for American motorists today.

This legislation is needed to prevent refiners from driving independent dealers out of business through their unfair pricing practices. Oil companies are not satisfied with the substantial profits they are making from their refining and other operations. They want the retail profits as well. Divorcement will benefit consumers by producing a more stable retail market. I urge my colleagues to stand up to the major oil companies and support this legislation.

I ask unanimous consent that the text of my bill be printed in the RECORD.

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

S. 3047

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 "Motor Fuel Consumer Protection Act of 1990".

SEC. 2. WHOLESALE PURCHASE OF GASOLINE.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in this section, it shall be unlawful for any producer or refiner, directly or indirectly, to require any retail motor fuel dealer to purchase more than 70 per centum of the monthly retail sales of motor fuel from such producer or refiner or to prohibit the use or conversion of storage tanks and dispensers as provided in section (c).

(b) CONTRACT, COMBINE, OR CONSPIRACY.—It shall be a violation of this Act for any producer or refiner to contract, combine, or conspire with any other producer or refiner for the purpose of violating subsection (a).

(c) WHOLESALER.—It shall be unlawful for any retail motor fuel dealer from purchasing any or all of the retail motor fuel dealers requirements of motor fuel from a wholesaler of the motor fuel produced or refined by such producer or refiner.

(d) RETAIL MOTOR FUEL DEALER.—It shall be unlawful for any retail motor fuel dealer, at a motor fuel service station displaying a trademark, a trade name, or other identifying symbol or name owned by a refiner or producer, to sell motor fuel which is not provided by or for such producer or refiner without providing reasonable notice at the point of sale that motor fuel dispensed by one or more dispensers is not refined by or for such producer or refiner, except that a dealer may convert one or more existing storage tanks and dispensers or establish new storage tanks and dispensers for sale of motor fuel supplied by other than the owner of the tradmark, trade name, or identifying symbol displayed at the station.

SEC. 3. OPERATION OF MOTOR FUEL SERVICE STATIONS.

It shall be unlawful for any large integrated refiner to operate any motor fuel service station in the United States.

SEC. 4. EXCEPTIONS.

SEC. 4. Notwithstanding section 3, it shall not be a violation of this Act for a large integrated refiner to own all or part of the assets of a motor fuel service station so long as such producer does not engage in the business of selling motor fuel at such station through any—

(1) employee;

(2) commissioned agent;

(3) person acting on behalf of the refiner or under the refiner's supervision; or

(4) person operating such station pursuant to a contract with the refiner which provides that the refiner has substantial or effective control over the motor fuel operations of the station.

SEC. 5. DEFINITIONS.

For purposes of this Act the term—

(1) "producer" means any person who is engaged, directly or indirectly, in the production of crude oil;

(2) "refiner" means any person engaged, directly or indirectly, in the refining of motor fuel or any producer who contracts with another to refine petroleum products for purposes of sale of motor fuel by the producer;

(3) "large integrated refiner" means any person who for the most recent calendar year for which data are available—

(A) produced, directly or indirectly, more than 30 per centum of the domestic and imported crude oil supplied to its refinery; and

(B) whose total refinery capacity exceeds one hundred and seventy-five thousands barrels per day;

(4) "motor fuel" means gasoline, diesel fuel, alcohol, or any mixture of them sold for use in automobiles and related vehicles;

(5) "motor fuel service station" means any facility at which motor fuel is sold at retail;

(6) "person" includes one or more individuals, partnerships, associations, corporations, legal representatives, joint-stock companies, trustees and receivers in bankruptcy and reorganization, common law trust, and any organized group, whether or not incorporated;

(7) "United States" means the several States, the District of Columbia, and any territory or possession of the United States.

SEC. 6. ENFORCEMENT AND EFFECTIVE DATE.

(a) FTC ENFORCEMENT.—The Federal Trade Commission may commence a civil action for appropriate relief, including a permanent or temporary injunction, whenever the Federal Trade Commission has reason to believe that any person has violated or is violating any provision of this Act, or any regulations promulgated thereunder. Any action under this paragraph may be brought in the district court of the United States for the district in which the defendant is located, resides, or is doing business, and such court shall have jurisdiction to restrain such violation and to require compliance, to impose monetary penalties under the same terms and conditions as provided in section 5(m)(2)(A) of the Federal Trade Commission Act, and to order such additional equitable relief as it deems appropriate.

(b) PRIVATE RIGHT OF ACTION.—

(1) If any person fails to comply with the requirements of this section, any other person affected by such failure may maintain a civil action against such person failing to comply with such requirements for damages and appropriate equitable relief, including temporary and permanent injunctive relief. If the plaintiff prevails in any action under this section, the plaintiff shall be entitled to reasonable attorney and expert witness fees to be paid by the defendant, except that in any case in which the court determines that only nominal damages are to be awarded to the plaintiff, the court may, in its discretion, determine not to direct that such fees be paid by the defendant.

(2) An action brought pursuant to this section may be brought, without regard to the amount in controversy, in the district court of the United States in any judicial district in which the plaintiff resides or is doing business or in which the defendant resides or is doing business.

(c) EFFECTIVE DATE.—Sections 2 and 3 of this Act shall take effect one year after the date of enactment of this Act.

(d) REGULATIONS.—

(1) The Federal Trade Commission shall prescribe regulations for the collection of information necessary for the determinations specified in section 3 and for the manner of complying with the requirements of section 2(d).

(2) Notwithstanding any other provision of this Act, information related to section 3 need not be provided by private persons if reliable and timely information is available from published sources.

(3) Regulations promulgated pursuant to paragraph (1) shall be promulgated, after notice and a reasonable period for comment by the public, no later than one hundred eighty days after the date of enactment of this Act.

(4) No section of this Act shall supersede any comparable State law to the extent that compliance with the State law can be accomplished consistent with this Act.●

By Mr. ROTH:

S. 3050. A bill to require annual audits of all insured depository institutions and to assure the quality and to improve the usefulness of work performed by independent public accountants in auditing insured depository institutions; to the Committee on Banking, Housing, and Urban Affairs.

INSURED DEPOSITORY INSTITUTION DISCLOSURE, AUDITING AND REPORTING ACT

● Mr. ROTH. Mr. President, I rise to introduce a bill that will require all insured depository institutions to obtain and to provide annually to the public and the appropriate Federal banking agency high quality audits that will be performed by independent public accountants. The purpose of this requirement is to be certain that the bank regulatory agencies are getting high quality meaningful information from the insured depository institutions. This bill contains audit requirements that go beyond those found in day-to-day business practice and requires that the appropriate Federal depository agency test the quality of the auditors' reports and performances.

I have been working on this proposal for some time and have had input from the General Accounting Office and others. I am introducing this bill to begin the debate on how we should go about improving the quality of the information provided to the bank regulatory agencies. It is not a finished product but I think it can serve as a basis for discussion and as a magnet for comments and proposals for change in direction or emphasis. The proposal, if enacted, would affect three complex and interrelated communities—the banking community, the accounting community, and the Federal regulatory community. I expect others to propose solutions to assuring the high quality of information made available to the bank regulators and I look forward to working toward the best solution.

Mr. President, the Congress relies on the regulators—that is, the appropriate Federal banking agencies—to oversee the banking systems which underpin this Nation's economy. The regulators need timely, accurate information about the condition of the insured depository institutions to meet the expectations of the Congress and protect the depositors and the taxpayers.

Just as the Congress relies on the regulators, the regulators, for the most part, must rely on the insured depository institutions to provide timely, accurate information about the institutions' financial condition and the adequacy of institutional management. While the Federal banking agencies employ examiners, there never have been sufficient examiners to gather and analyze all of the information that would be needed to oversee all to the insured depository institutions.

I think that the current crisis in the savings and loan industry and in the banking industry show that this process has broken down and that there is a need to provide the regulators some way to obtain the quality and quantity of information that they need on the condition of the thousands of insured depository institutions.

I think the best way to assure that the regulators have the information they need is to rely on independent public accountants to provide the appropriate Federal banking agencies with an independent assessment of the reliability of management representations concerning the financial condition of the insured depository institution and the results of its operations. I think that if the regulators receive high quality financial information and information about how the institutions are being managed, they should be able to do their jobs better.

To obtain independent assurance, this proposal directs all insured depository institutions to obtain independent audits and requires that the institutions provide the resulting reports to the appropriate Federal banking agency and make the reports available to the public.

I am not unmindful that some failed savings and loan institutions had

audits performed by public accountants. A number of these cases were examined by the Comptroller General who reported that some of the public accountants were not in fact independent. Other public accountants according to the Comptroller General failed to meet the standards of performance required of the profession.

My proposal, Mr. President, deals with the type of situations identified by the Comptroller General. It does so by requiring that the appropriate Federal banking agencies review each annual report provided by the institutions to assure that the report is complete and meets the requirements specified by this act. Additionally, the proposal requires that the Federal agencies conduct a number of quality control reviews which include a review of the independent public accountants working papers or other evidence of the accountant's work to assure that the work was performed in accordance with professional standards.

The proposal provides sanctions for substandard performances by independent public accountants. These include the right of the Federal banking agency to refuse to accept the report on the insured institution, disqualification of the independent public accountant from auditing other insured institutions, and referral of substandard performances to State agencies with license and regulatory oversight of independent public accountants.

The proposal contains other penalties directed at the insured institutions to help enforce the requirement for high quality independent audit reports. In this regard, if an institution fails to provide a report acceptable to the banking agency, the banking agency could fine the institution up to $10,000 per day with a maximum of $1 million per year. Such a penalty should encourage institution managers to obtain the independent assessment required by this proposal.

Section 2 of my proposal requires that independent public accountants express their opinion on management reports that are not now encountered in other audit requirements. These additional reports are intended to supplement the financial information that is normally associated with an independent audit and are concerned with how well the insured depository institution is being managed. These added reports include: a report on the institutions' compliance with law and regulation; a report on the institutions' system of internal controls; and a report on related party transactions.

These added reports, and the auditors opinions about them, will serve as a check on overly optimistic regulatory reporting by the institutions. The report on compliance will be a statement by the institution that it is making a good faith effort to comply with law and regulations. The report on internal controls will provide regulators with some assurances that the management of the institution is taking care to safeguard the assets of the firm and has established checks and balances that should reduce errors and fraud. The report on related party transactions is intended to provide sunshine on the type of transactions—transactions that are at less than arms length—that have caused problems for Government regulators who must clean up the mess when institutions fail.

Mr. President, I was particularly impressed by a statement made by the Comptroller General recently in testimony before the Senate Banking Committee that bank and savings and loan failures did not occur overnight yet we have been frequently surprised by the failure of a bank or a savings and loan institution. The purpose of this proposal is to prevent such a surprise. It seeks to do so by providing a basis for the regulators to obtain the quality and type of information they need for early recognition of troubled institutions. If the information is available soon enough, it may be possible to save troubled institutions before the insured deposits are wasted, lost or stolen.

Mr. President, with introduction of this proposal, we can begin the debate and our search for a balanced and appropriate way to assure that regulators have the information they need to protect the insurance funds and the taxpayers. I ask unanimous consent that the proposed bill be printed in the RECORD.

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

S. 3050

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 "Insured Depository Institution Disclosure, Auditing and Reporting Act of 1990".

SEC. 2. AUDITS REQUIRED.

(a) IN GENERAL.—The appropriate federal banking agency shall require each insured depository institution to obtain annual audits by independent public accountants. The audits shall—

(1) be performed in accordance with generally accepted auditing standards except as modified by this Act;

(2) include the independent public accountant's opinion on financial statements;

(3) include the independent public accountant's opinion on the institution's compliance with laws and regulations.

(4) include the independent public accountant's opinion on the adequacy and effectiveness of the institution's system of internal controls;

(5) include the independent public accountant's opinion on the extent and effect of material related party transactions or aggregation of similar transactions.

(6) be completed in a manner that complies in all material respects with the requirements of this Act and be filed with the appropriate federal banking agency within 90 days following the close of the institution's fiscal year.

(b) The appropriate federal banking agency shall require insured depository institutions to provide the institution's independent public accountants—

(1) management's representations concerning the institution's financial condition and the results of its operations;

(2) management's representations concerning the adequacy and effectiveness of the institution's compliance with law and regulation;

(3) management representations concerning the adequacy and effectiveness of the institution's system of internal controls; and

(4) a listing of each material related party transactions or aggregration of similar transactions, and management's representations concerning the substance of each listed transaction.

(c) The independent public accountant will audit the books and records of the insured depository institution in accordance with generally accepted auditing standards and express opinions on the representations required of management in subsection (b).

(d) The insured depository institution will make the report of the independent public accountant available for public examination.

(e) If an insured depository institution fails to comply with this section, the appropriate federal banking agency may treat such failure as an unsafe and unsound practice within the meaning of the Federal Deposit Insurance Act.

SEC 3. TESTING AUDIT QUALITY.

(a) IN GENERAL.—The appropriate federal banking agency shall design and implement a system to test and evaluate the quality and acceptability of the audits performed by independent public accountants of insured depository institutions. At a minimum this system should include:

(1) Promulgating regulations which require institutions and independent public accountants to adhere to generally accepted auditing standards except as modified by this Act and which establish the qualifications required of independent public accountants who may audit insured depository institutions.

(2) A means of assuring that all audit reports due are received by the bank regulatory body and are subject to testing for quality.

(3) A review of all independent public accountants' reports to examine the quality and completeness of the reports and to identify reported findings for audit resolution.

(4) A continuing program of quality control reviews to provide reasonable assurance that audit performances are in accordance with law, regulation, and professional standards.

(5) Procedures for resolving substandard reports and performances by independent public accountants that are discovered during report reviews or quality control reviews including appropriate sanctions for substandard performances by independent public accountants.

SEC 4. DEFINITIONS.

As used in this section:

(a) "insured depository institution" means the same as the definition provided this term in Sec. 204(c) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

(b) "appropriate federal banking agency" means the same as the definition provided

this term in Sec. 204(f) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

(c) "related party transactions" has the meaning assigned by The American Institute of Certified Public Accountants' Statements on Auditing Standards in effect on the date of passage of this section.

SEC. 5. EFFECTIVE DATE.

The appropriate federal banking agencies shall promulgate regulations within 180 days of the enactment of this Act, and the provisions of this Act shall apply thereafter with respect to the fiscal years of each insured depository institution that conclude after such 180-day period.●

By Mr. PRESSLER (for himself and Mr. MCCAIN):

S. 3051. A bill to reduce the pay of Members of Congress corresponding to the percentage of reduction of the pay of Federal employees who are furloughed or otherwise have a reduction of pay resulting from a sequestration order.

CONGRESS AND SEQUESTRATION ACT

Mr. PRESSLER. Mr. President, today I am introducing legislation designed to ensure that Members of Congress will share equally in the burdens which could occur from automatic budget cuts under the Gramm-Rudman-Hollings Act of 1985 and subsequent deficit control laws. Senator MCCAIN has joined me as an original cosponsor of this legislation. These cuts will directly affect the earnings of Federal workers and the benefits and services available to the American people.

Reports released by the Office of Management and Budget, most recently on August 20, project a baseline deficit of $149.4 billion—$85.4 billion above the $64 billion maximum deficit targeted for fiscal year 1991. This deficit is estimated to be $75.4 billion above the level wich triggers the sequester of funds.

In the upcoming days and weeks, if Congress and the White House are unable to significantly reduce this projected deficit by October 1, automatic sequester will occur. The impact of sequestration cannot be emphasized enough. These cuts will impose tremendous hardship upon many excellent, hardworking Federal employees, as well as the American public, who will lose essential services and important benefits.

Congress must share in budget reductions. My bill would cut the pay of Senators and Congressmen by a percentage equal to the largest of either: The across-the-board "uniform percentage reduction" under Gramm-Rudman-Hollings—currently estimated at 32.4 percent; or the highest percentage pay cut of any civil service or other Federal employee whose salary is affected by sequestration.

Congress should take immediate action now to reduce the projected deficit, or share in the consequences if it does not. Our goal must be to restore fiscal stability to our Government and the U.S. economy.

We must achieve this goal. If, however, we are unsuccessful, like all Americans, Congress must share in the burden of automatic cuts levied by the Gramm-Rudman-Hollings Act.

Mr. President, I ask unanimous consent that the full text of the bill be inserted in the RECORD after my remarks. I also request that Senator MCCAIN's statement be included in the RECORD. I intend to offer this bill as an amendment to any budget legislation offered on the floor of the Senate. Congress will be required to share the burden of severe cuts in future years due to its failure to enact budget legislation prior to the beginning of a new fiscal year.

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

S. 3051

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

SECTION 1. REDUCTION OF PAY OF MEMBERS OF CONGRESS.

(a) REDUCTION IN PAY.—For each month during fiscal year 1991 in which, by reason of a furlough or other employment action necessitated by a sequestration order under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902), the total amount of the pay paid to any Federal employee is projected to be less than the monthly equivalent of the annual rate of pay established for such Federal employee pursuant to law, the rate of pay payable to a Member of Congress shall be reduced to the rate of pay established for such Member pursuant to law.

(b) COMPUTATION OF REDUCED PAY.—The rate of pay payable to a Member of Congress for any month referred to in subsection (a) shall be equal to the amount determined by multiplying the rate of pay established for such Member pursuant to law by the percentage reported to Congress for such month under subsection (c)(1)(D).

(c) DETERMINATION OF PERCENTAGE FOR COMPUTATION OF REDUCED PAY.—(1) No later than the first day of each month in fiscal year 1991, the Director of the Office of Management and Budget shall—

(A) determine whether, for a reason described in subsection (a), the total amount of the pay paid to any Federal employee in that month is projected to be less than the monthly equivalent of the annual rate of pay established for such Federal employee pursuant to law;

(B) estimate the average of the percentages that would result by dividing the monthly equivalent of the annual rate of pay established for each such Federal employee pursuant to law into the total amount projected to be paid such Federal employee for such month;

(C) aggregate the percentages determined under subparagraph (B) for Federal employees for each agency and determine the highest average percentage for any agency; and

(D) transmit to Congress a written report containing the average computed under subparagraph (C).

(2) The Office of Personnel Management may use a statistical sampling method to make the estimates and determinations under paragraph (1).

(3) For purposes of this section, the term "agency" means an Executive agency as defined under section 105 of title 5, United States Code.

(d) APPLICATION TO OTHER FEDERAL LAWS.—For the purpose of administering any provision of law, rule, or regulation which provides premium pay, retirement, life insurance, or any other employee benefit, which requires any deduction or contribution, or which imposed any requirement or limitation, on the basis of a rate of salary or basic pay, the rate of salary or basic pay payable after the application of this section shall be treated as the rate of salary or basic pay.

By Mr. GORE (for himself and Mr. GRAHAM):

S. 3052. A bill to amend the Public Health Service Act with respect to providing financial assistance for certain trauma-care centers operating in geographic areas with a significant incidence of violence arising from the abuse of drugs; to the Committee on Labor.

TRAUMA CENTER REVITALIZATION ACT OF 1990

● Mr. GORE. Mr. President, today I am introducing legislation to provide desperately needed reinforcements in the drug war to help the Nation's trauma centers. The Trauma Center Revitalization Act of 1990 would require the Secretary of Health and Human Services to make grants to assist trauma centers in high drug-crime areas.

Most Americans know too well the crime and violence that results from drug trafficking. Areas of our inner cities have become virtual war zones, complete with fire fights, and the many injured and dead that accompany such terror.

Many of our cities are under siege. Washington, our Capital, has become the Nation's murder capital and New York City, once our greatest city, landed on the cover of this week's Time as 3 out of 4 its citizen's say it's a dangerous place to live, and more than half wish they could move.

We have a national drug control strategy that is supposed to be solving this problem. But the President's strategy does not address the critical role trauma centers play in the drug war.

Trauma centers are forced to bear a large share of the cost of drug violence. But they do not share in any of the Federal programs to redistribute the assets seized from drug dealers.

Trauma centers are too important a national resource to squander. This bill takes an urgently needed step to preserve a system that in many cities is still only first being pioneered.

In the District of Columbia, we are fortunate to have one of the better trauma systems in the country. We all remember the excellent care President Reagan received at George Washing-

ton University when he was shot. But for millions of American families the future isn't so bright. At a time when we should be taking every action possible to see to it that the development of trauma systems is expanding in this country, trauma centers in the areas where they are most needed are closing their doors.

In Los Angeles, only 9 of 23 trauma centers remain in a county-wide trauma care network that was formed in 1983. In Dade County, FL, only one of eight hospitals is left in a trauma system that more than two million residents count on. Chicago, Philadelphia, and Houston have had to face similar closings. And even here in the District there is reason for concern.

Mr. President, through the lessons of Korea and Vietnam our service men and women now stationed in the Persian Gulf know they are only minutes away from the best trauma care available anywhere in the world. That is something to make all Americans proud and reassured as they see off sons and daughters, brothers and sisters, and mothers and fathers to serve in Desert Shield.

But what about the families the soldiers are leaving behind? Many of those families live at the front lines of the drug war and the casualties are mounting every day. Yet the trauma care that could save their lives will not be there unless we in government do something to preserve it. That is what this bill will do.

I'm pleased that Senator GRAHAM has joined me in introducing this bill, and I would like to also recognize my good friend in the other body, Congressman HENRY WAXMAN, who really did the work in developing this legislation and who introduced a similar bill in that body in May.

I urge support for this important legislation.●

By Mr. DURENBERGER:

S. 3053. A bill to amend the Internal Revenue Code of 1986 to increase and modify the gas guzzler tax; to the Committee on Finance.

GAS GUZZLER TAX ACT

● Mr. DURENBERGER. Mr. President, 12 years ago we embarked on a major effort to improve the fuel efficiency of the vehicles driven on our Nation's roads and highways. The corporate average fuel economy [CAFE] standards and the gas guzzler taxes adopted by Congress in the 1970's provided the major impetus for auto manufacturers to design and build vehicles that burn far less fuel for each mile driven. However, as we have learned in just the last few weeks, despite the energy efficiency strides we have made, our energy security today is far from invulnerable. Our oil-based economy remains hostage to economic, political, and military decisions made far from our shores.

For these reasons, I believe we must reevaluate the fuel economy standards that were adopted 12 years ago and should take steps to tighten the gas guzzler taxes that were designed to discourage the purchase of vehicles that are not fuel efficient.

Today I am introducing legislation that would modify the gas guzzler tax and broaden the vehicles covered by this tax. The legislation I am introducing recognizes the strides that have been made in fuel efficiency over the past 12 years and also reflects the changing driving habits of Americans.

Mr. President, if you look at the current statute, it would appear that any vehicle that does not currently meet the 22.5-mile-per-gallon standard specified in the law would be subject to the gas guzzler tax. However, that is not the way the statute is being administered. The Administrator of the Environmental Protection Agency [EPA] defines the automobile model type as a "unique combination of car line, basic engine, and transmission class." This definition allows the mileage for several different models of automobile to be averaged to arrive at the mileage for the car line. This average is then weighted according to sales within that car line to determine if the line of cars as a whole meets the fuel economy standard. For example, if one model care averages 19 miles per gallon, it can be included in a car line of more fuel efficient models with the same basic transmission and engine and not be subject to the gas guzzler tax.

Mr. President, allowing this type of averaging across car lines is just inconsistent with the basic purpose of the gas guzzler tax. If a person chooses to purchase a car that only gets 17 or 18 miles per gallon, he or she ought to pay the tax premium that was intended for such an inefficient vehicle. That person should not escape the tax simply because someone else purchases a car that gets 24.5 miles per gallon. My legislation closes this loophole. If a vehicle does not meet the 22.5-mile-per-gallon standard specified in the law, it is subject to the gas guzzler tax.

This legislation also expands the category of vehicles that are subject to the gas guzzler tax to include light trucks, utility vehicles, and vans. Mr. President, a quick walk through the Capitol garages, and a short drive around Washington or Minneapolis will demonstrate that the driving habits of Americans have significantly changed over the past 12 years. Millions of Americans are today driving small trucks and sport utility vehicles strictly for family transportation. Vehicles that barely a decade ago were primarily used for hauling and commercial work have become ordinary transportation for families.

In 1978, barely 1 in 10 new vehicles sold in America were light trucks and vans. Today, nearly one in four new vehicles sold in the United States are light trucks, sport utility vehicles, or vans. I can see no reason that such vehicles, when they are strictly used as family transportation, should not be subject to the same gas guzzler standards that are applied to automobiles. However, my legislation does carve out an exemption from the gas guzzler tax when such vehicles are registered for and used in a strictly commercial business.

In an effort to further tighten the current gas guzzler law, this legislation repeals the exemption in current law for companies that modify automobiles and make them into stretch limousines. Quite frankly, Mr. President, I cannot imagine why we ever put this exemption into the law. Of all the vehicles that ought to be subject to the gas guzzler tax, stretch limos ought to be at the top of the list.

Finally, Mr. President, starting in 1995, the standard for defining a gas guzzler would be increased from the current standard of less than 22.5 miles per gallon to less than 26.5 miles per gallon. I would hope this would encourage manufacturers and purchasers to give greater consideration to fuel economy. In recent years, we have been slipping in our commitment to conserve gasoline. Between 1975 and 1982, the fleet average fuel economies of cars and light trucks sold in the United States jumped dramatically—from 13.1 miles per gallon to 21.1 miles per gallon. But over the next 7 years, the fleet average increased only 4½ miles per gallon—to 25.4 miles per gallon. I am sure that we can do better, and for that reason this legislation gives the industry and the public 4 years in which to modestly increase their fuel efficiency.

Finally, I would note that improving the fuel efficiency of the cars and trucks on America's highways, and discouraging people from purchasing gas guzzlers will help to improve our Nation's air quality. We all know that tailpipe emissions are a major contributor to urban ozone and smog and that carbon dioxide—CO_2—emitted by gasoline-fueled vehicles is a major contributor to global warming. What is important to note is that the amount of CO_2 emitted is directly proportional to the amount of gasoline that a vehicle consumes. For each gallon of gasoline burned, about 19 pounds of CO_2 are produced. Therefore if we increase a vehicle's fuel efficiency we will proportionately reduce emissions of CO_2.

For example, the top mileage 1990 Geo Metro gets more than 50 miles per gallon and emits slightly less than one-third of a pound of CO_2 per mile, or about 2.2 tons per year for 15,000 miles of combined city and highway

driving. Then consider the worst gas guzzler on the road—the 1990 Lamborghini which gets 6 miles per gallon in the city and 10 miles per gallon on the highway. For every mile the Lamborghini is driven it emits 2 pounds of CO_2—six times the amount emitted by the Geo. Over a year, that car will emit 15 tons of CO_2 for the same 15,000 miles driven by the Geo.

Mr. President, if we are committed to improving our environment, if we are committed to improving our energy security, these modest changes in the gas guzzler law should be enacted as soon as possible. I urge my colleagues to join me in sponsoring this legislation.

Mr. President, I ask unanimous consent that the text of this legislation be included in the RECORD.

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

S. 3053

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

SECTION 1. INCREASE IN AND MODIFICATIONS OF GAS GUZZLER TAX.

(a) TAX INCREASED.—Section 4064(a) of the Internal Revenue Code of 1986 (relating to imposition of tax) is amended—

(1) by striking "1986 or later" and inserting "1986 through 1994", and

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

"(8) In the case of a 1995 or later model year automobile:

"If the fuel economy of the model type in which the automobile falls is:	The tax is:
At least 26.5	0
At least 25.5 but less than 26.5	$250
At least 24.5 but less than 25.5	500
At least 23.5 but less than 24.5	650
At least 22.5 but less than 23.5	850
At least 21.5 but less than 22.5	1,050
At least 20.5 but less than 21.5	1,300
At least 19.5 but less than 20.5	1,500
At least 18.5 but less than 19.5	1,850
At least 17.5 but less than 18.5	2,250
At least 16.5 but less than 17.5	2,700
At least 15.5 but less than 16.5	3,200
At least 14.5 but less than 15.5	3,850
At least 13.5 but less than 14.5	4,500
At least 12.5 but less than 13.5	5,000
Less than 12.5	5,500".

(b) AUTOMOBILE.—Subparagraph (B) of section 4064(b)(1) of such Code (defining automobile) is amended to read as follows:

"(B) EXCEPTION FOR CERTAIN VEHICLES.—The term 'automobile' does not include any light truck, utility vehicle, or van sold for use and registered as a commercial vehicle."

(c) MODEL TYPE.—Section 4064(b)(3) of such Code (defining model type) is amended to read as follows:

"(3) MODEL TYPE.—The term 'model type' means each vehicle configuration as defined in the rules which were prescribed by the EPA Administrator for the purposes of section 501 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 12001) and which were in effect on the date of the enactment of this paragraph."

(c) MANUFACTURER.—Section 4064(b)(5) of such Code (defining manufacturer) is amended to read as follows:

"(5) MANUFACTURER.—The term 'manufacturer' includes a producer or importer."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to 1991 and later model year automobiles.●

By Mr. RIEGLE (for himself and Mr. DIXON):

S.J. Res. 363. Joint resolution to designate the week of October 22 through October 28, 1990, as the "International Parental Child Abduction Awareness Week"; to the Committee on the Judiciary.

INTERNATIONAL PARENTAL CHILD ABDUCTION AWARENESS WEEK

● Mr. RIEGLE. Mr. President, I rise to introduce a joint resolution that would initiate a week to acknowledge the horror of international parental child abduction. The victims are the over 400 children each year who are forcibly removed from their homes and abducted to foreign lands. The victims are the parents who are left behind, deprived of the children whom they have nurtured and to whom they have devoted their lives. This resolution recognizes this problem and directs public attention toward the grief and pain these victims suffer. Hopefully, this increased awareness would facilitate prevention measures and help put an end to this tragedy.

Over the last 15 years, 10,000 of our country's children have been abducted by a noncustodial parent and forced to live in a foreign land and an unfamiliar home. International parental abductions are on the rise: Over the last 7 years, their occurrence has seen a twofold increase. In my home State of Michigan, we have already seen over a 100-percent rise in international parental child abduction in the current year. This tragedy inexorably causes damage to both the child and the victimized parent. The experience of abducted children who have been returned to their custodial parants reveals that the child undergoes terrible trauma, by being torn from one of his or her parents, and separated from the love that had been so vital to their lives. The mind of the child is often turned against his or her home country and, more importantly, his or her nonabductor parent. Nonabductor parents are also injured by this painful experience. Left with a void in their lives, they are stripped of the children who gave them reason to live. This experience is certainly among the most horrific that any parent might endure.

One cannot discuss the specter of international parental child abduction without reference to the Betty Mahmoody story. Betty, trapped by the man she had trusted and held prisoner in his native Iran, lived through this nightmare. Her story is especially poignant to me, as she is a resident of my home State of Michigan. She was taken on vacation to Iran, with her husband and their daughter, Mahtob. This vacation, however, expected to last only 2 weeks, truly had no end; Betty and Mahtob became hostages to her cruel husband and his family. After a year of searching in terror and agony, Betty finally found a person: A man who would eventually guide her and Mahtob through a desert crossing that few women or children had ever made, to safety and freedom in America. Betty Mahmoody's story is heartbreaking, yet uplifting, for she was able to endure this torture and return home with her daughter. For the eight children that will be abducted this week, we can only hope for such a happy conclusion.

Mr. President, this resolution would raise awareness of this tragedy and recognize the pain and suffering its victims endure. International Parental Child Abduction Awareness Week would focus public attention of this phenomenon and the hurt it inflicts on innocent children and parents. I urge my colleagues to support the enactment of this joint resolution, in order to take a step toward the elimination of this problem.

I ask unanimous consent that the joint resolution be printed in the RECORD.

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

S.J. RES. 363

Whereas in the last fifteen years, ten thousand of our nation's children have been abducted by a non-custodial parent, forcibly removed from their homes to foreign and unfamiliar lands to them, and prevented from returning to the United States.

Whereas cases of international parental child abduction have nearly doubled over the last seven years, nearly doubling in occurrence;

Whereas four hundred children were victims of this anguish in 1988 alone;

Whereas the freedom of our nation's children and the rights of their custodial parents are threatened by the spectre of international child abduction;

Whereas the children of the United States are damaged, sometimes permanently, by the trauma associated with abduction and the deprivation of the familiar love of one of their parents;

Whereas the abducted child's loyalties are frequently turned against this country and, his or her non-abductor parent;

Whereas the left-behind parent is also victimized, deprived of the child they have loved and that has provided a pillar upon which to define the meaning of their existence;

Whereas current domestic and international laws are not adequate to provide for the return of these children and have no binding, international force to influence the nations that provide havens for the abductors;

Whereas the Hague convention provisions, the only currently existing international deterrents, lack binding force because of the vast number of non-signatory nations;

Whereas international parental child abduction is one of the most horrendous forms of child abuse;

Whereas the declaration of International Parental Child Abduction week will focus the nation's attention on the tragedy and pain this phenomenon inflicts upon the involved children and families: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of October 22 through October 28, 1990 is designated the "International Parental Child Abduction Awareness Week", and the President is authorized and requested to issue a proclamation calling on all public officials and the people of the United States to observe the week with appropriate programs and activities.●

● Mr. DIXON. Mr. President, I am proud to join my distinguished colleague, Senator DON RIEGLE, in introducing International Parental Child Abduction Awareness Week. This resolution will shed needed light on the plight of abducted children and left behind parents.

It will also shed light on the people throughout the country who have been through the horror of a child abduction and now work diligently to educate others about their experiences and how parents can prevent such abductions. I have worked with American Children Held Hostage, a parents support group headed by Holly Planells, of New York, herself a left-behind parent. Betty Mahmoody of Michigan had her children taken to Iran and has written two books about her story to regain possession of her daughter. Rosemary Farley Janvier in New Jersey has worked tirelessly to educate people in New Jersey about the cruelty of child abduction. I salute their efforts and the efforts of many others who share Senator RIEGLE's and my passion for progress on this issue.

Mr. President, I became involved in this issue back in 1986, when the case of Pat Roush, from my State of Illinois, and her two abducted daughters came to my attention. Her children were taken to Saudi Arabia, where they remain to this day. The abduction was illegal, the abducting parent does not intend to return to the United States, and Pat Roush has only memories of her children. Her case is one of thousands I will always work to resolve.

International parental child abduction is not a front page issue. It is not in the newspapers every day. But it is a particularly vicious crime in that it uses children as pawns in vengeful actions by one parent against another. It is a continuing nightmare for every left behind parent.

Mr. President, I have been working with Senator RIEGLE and others to relieve the suffering of left behind parents and obtain the return of abducted children for a number of years. In 1987, I led the effort to establish a desk at the State Department to coordinate the efforts of the United States in these cases and have one person in every embassy and consulate of the United Stats assigned to handle international child abduction cases in that particular country. Until that time, no one in any embassy or consulate of the United States took responsibility for following up on cases of abducted American children in that particular foreign country. Child abduction had the lowest priority of cases handled by the State Department. Parents were without any source of assistance. Child abduction is now a priority in U.S. embassies and consulates.

In 1988, I was successful in having the Congress pass language implementing the Hague Convention on International Parental Child Abduction. Under the Convention, which has now been implemented by over a dozen countries, provisions are now in place for the return of an abducted child when both countries involved are signatories to the Convention. Obviously, a dozen or so countries hardly makes a dent in the number of countries that harbor abducted children.

Much more must be done to curb this horrible crime.

International Parental Child Abduction Awareness Week is one way to focus more attention on this problem, and I urge my colleagues to support its adoption.

Second, I urge swift consideration of my own legislation, S. 185, which makes the act of international parental child abduction a Federal felony. It has passed the Judiciary Committee without opposition, and awaits full Senate action.

Finally, I hope that through efforts such as International Parental Child Abduction Awareness Week we can begin to educate the American public as to the extent of this crime, and maybe prevent some abductions from ever taking place.●

ADDITIONAL COSPONSORS

S. 15

At the request of Mr. CRANSTON, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 15, a bill to amend the Public Health Service Act to improve emergency medical services and trauma care, and for other purposes.

S. 190

At the request of Mr. GRAHAM, the name of the Senator from Hawaii [Mr. AKAKA] was added as a cosponsor of S. 190, a bill to amend section 3104 of title 38, United States Code, to permit certain service-connected disabled veterans who are retired members of the Armed Forces to receive compensation concurrently with retired pay without reduction in the amount of the compensation and retired pay.

S. 814

At the request of Mr. DOMENICI, the name of the Senator from Montana [Mr. BURNS] was added as a cosponsor of S. 814, a bill to provide for the minting and circulation of one dollar coins, and for other purposes.

S. 1216

At the request of Mr. SIMON, the name of the Senator from Connecticut [Mr. LIEBERMAN] was added as a cosponsor of S. 1216, a bill to amend the National Labor Relations Act to give employers and performers in the live performing arts, rights given by section 8(e) of such act to employers and employees in similarly situated industries, to give to such employers and performers the same rights given by sections 8(f) of such act to employers and employees in the construction industry, and for other purposes.

S. 1224

At the request of Mr. BRYAN, the names of the Senator from New York [Mr. D'AMATO] and the Senator from Connecticut [Mr. DODD] were added as cosponsors of S. 1224, a bill to amend the Motor Vehicle Information and Cost Savings Act to require new standards for corporate average fuel economy, and for other purposes.

S. 1636

At the request of Mr. BRYAN, the name of the Senator from South Carolina [Mr. HOLLINGS] was added as a cosponsor of S. 1636, a bill to amend the Internal Revenue Code of 1986 to extend the period for issuing small issue bonds for manufacturing facilities through 1991.

S. 1651

At the request of Mr. MCCAIN, the name of the Senator from Delaware [Mr. ROTH] was added as a cosponsor of S. 1651, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 50th anniversary of the United States Organization.

S. 1890

At the request of Mr. THURMOND, the names of the Senator from Ohio [Mr. GLENN], the Senator from Tennessee [Mr. GORE], and the Senator from Maine [Mr. COHEN], were added as cosponsors of S. 1890, a bill to amend title 5, United States Code, to provide relief from certain inequities remaining in the crediting of National Guard technician service in connection with civil service retirement, and for other purposes.

S. 2319

At the request of Mr. GARN, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 2319, a bill to amend the Federal Deposit Insurance Act and the Federal Credit Union Act to protect the deposit insurance funds, to limit the depository institutions, credit unions, and other mortgage lenders acquiring real property through foreclosure or similar means, or in a fiduciary capacity, and for other purposes.

S. 2637

At the request of Mr. REID, the name of the Senator from Massachu-

setts [Mr. KENNEDY] was added as a cosponsor of S. 2637, a bill to amend the Toxic Substances Act to reduce the levels of lead in the environment, and for other purposes.

S. 2796

At the request of Mr. COHEN, the name of the Senator from South Dakota [Mr. DASCHLE] was added as a cosponsor of S. 2796, a bill to amend title IV of the Higher Education Act of 1965 to allow resident physicians to defer repayment of their title IV student loans while completing a resident training program accredited by the Accreditation Council for Graduate Medical Education or the Accrediting Committee of the American Osteopathic Association.

S. 2797

At the request of Mr. HATCH, the name of the Senator from New Mexico [Mr. DOMENICI] was added as a cosponsor of S. 2797, a bill to repeal provisions of law regarding employer sanctions and unfair immigration-related employment practices, to strengthen enforcement of laws regarding illegal entry into the United States, and for other purposes.

S. 3035

At the request of Mr. LIEBERMAN, the name of the Senator from Maryland [Mr. SARBANES] was added as a cosponsor of S. 3035, a bill to protect the national security by prohibiting profiteering of essential commodities during periods of national emergency.

SENATE JOINT RESOLUTION 263

At the request of Mr. HELMS, the names of the Senator from Louisiana [Mr. JOHNSTON], and the Senator from Mississippi [Mr. LOTT] were added as cosponsors of Senate Joint Resolution 263, a joint resolution to designate October 11, 1990, as "National Society of the Daughters of the American Revolution Centennial Day."

SENATE JOINT RESOLUTION 337

At the request of Mr. SIMON, the name of the Senator from Minnesota [Mr. DURENBERGER] was added as a cosponsor of Senate Joint Resolution 337, a joint resolution designating Labor Day weekend, September 1, through 3, 1990, as "National Drive for Life Weekend."

SENATE JOINT RESOLUTION 340

At the request of Mr. WILSON, the name of the Senator from Texas [Mr. BENTSEN] was added as a cosponsor of Senate Joint Resolution 340, a joint resolution designating the week beginning November 11, 1990, as "National Disabled Veterans Week."

SENATE JOINT RESOLUTION 352

At the request of Mr. SIMON, the names of the Senator from Arizona [Mr. DECONCINI] and the Senator from Rhode Island [Mr. CHAFEE] were added as cosponsors of Senate Joint Resolution 352, a joint resolution designating the month of September, 1991, as "National Growth Month."

SENATE CONCURRENT RESOLUTION 91

At the request of Mr. HATFIELD, the name of the Senator from Indiana [Mr. LUGAR] was added as a cosponsor of Senate Concurrent Resolution 91, a concurrent resolution expressing the sense of the Congress with respect to achieving common security in the world by reducing reliance on the military and redirecting resources toward overcoming hunger and poverty and meeting basic human needs.

SENATE CONCURRENT RESOLUTION 125

At the request of Mr. COHEN, the name of the Senator from Ohio [Mr. METZENBAUM] was added as a cosponsor of Senate Concurrent Resolution 125, a concurrent resolution expressing the sense of Congress regarding adequate funding for long-term health care services provided through the Medicare and Medicaid programs.

AMENDMENT NO. 1384

At the request of Mr. DASCHLE, the name of the Senator from New York [Mr. MOYNIHAN] was added as a cosponsor of amendment No. 1384 proposed to S. 1630, a bill to amend the Clear Air Act to provide for attainment and maintenance of health protective national ambient air quality standards, and for other purposes.

AMENDMENTS SUBMITTED

EXPORT ADMINISTRATION ACT AMENDMENTS

SHELBY AMENDMENT NO. 2656

Mr. SHELBY proposed an amendment, which was subsequently modified, to the bill (S. 2927) to amend and extend the Export Administration Act, as follows:

On page 48, after line 21, insert the following new section:

SEC. 306. EMBARGO PENALTIES.

Section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) is amended by adding a new subsection as follows:

(b) in the case of Iraq and Kuwait,

(1) a civil penalty of not to exceed $250,000 may be imposed on any person who violates any license order or regulation issue under the chapter;

(2) whoever willfully violates any license order, or regulation issued under this chapter shall, upon conviction, be fined not more than $1,000,000, or if a person, may be imprisoned for not more than ten years, or both, and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment or both.

HEINZ AMENDMENT NO. 2657

Mr. HEINZ proposed an amendment to the bill S. 2927, supra, as follows:

On page 38, line 20, strike "and".

On page 38, at the end of line 22, add "and

"(D) inadequacies in Federal and State government and private sector export financing programs;"

On page 39, line 9, strike "and".

On page 39, after line 11, insert:

"(D) improve Federal and State government and private sector export financing programs; and".

MACK (AND OTHERS) AMENDMENT NO. 2658

Mr. HEINZ (for Mr. MACK, for himself, Mr. GRAHAM, and Mr. MCCAIN) proposed an amendment to the bill S. 2927, supra, as follows:

On page 37, after line 12, insert the following new sections—

"SEC. PROHIBITION OF CERTAIN TRANSACTIONS BETWEEN CERTAIN UNITED STATES FIRMS AND CUBA.

"The Trading with the Enemy Act is amended by adding at the end thereof the following new section:

"SEC. 44. Notwithstanding any other provision of law, no license may be issued for any transaction described in section 515.559 of title 31, Code of Federal Regulations, as in effect on July 1, 1989, unless a license may be issued for such transaction if such transaction were undertaken by a firm organized under the laws of any of the States of the United States."

GRAMM AMENDMENT NO. 2659

Mr. HEINZ (for Mr. GRAMM) proposed an amendment to the bill S. 2927, supra, as follows:

At the appropriate place in title I of the bill, insert the following:

"SEC. . AUTHORITY FOR PRIVATE INSPECTION SYSTEMS.

"Section 4 of the Export Administration Act of 1979 is amended by adding the following new subsection:

" "( ) AUTHORITY FOR PRIVATE INSPECTION SYSTEMS.—The Secretary is authorized to maintain a list of approved private inspection companies for the purpose of enabling exporters to submit independently verified, certified information necessary for effective and timely licensing." ".

SARBANES (AND OTHERS) AMENDMENT NO. 2660

Mr. SARBANES (for himself, Mr. HEINZ, and Mr. MCCAIN) proposed an amendment to the bill S. 2927, supra, as follows:

On page 24, after line 9, insert the following new subparagraph:

"(E) No controls under section 5 eliminated after the Coordinating Committee High Level Meeting, June 6–7, 1990, shall be extended or reinstated using any authorities other than section 6 of this Act, unless the President determines that extraordinary circumstances directly affecting the national security of the United States exist and reports such circumstances to the Congress within 10 working days of such determination."

On page 28, line 24, after "technology" insert ", including all dual use goods and technology on the Missile Technology Control Regime Annex,".

On page 30, line 3, after the word "proliferation" insert "or is a potential channel of diversion identified pursuant to paragraph (5) of this subsection."

On page 30, after line 7, insert the following:

"(5) The Secretary shall establish a procedure for information sharing with appropriate officials at the Central Intelligence Agency and the Defense Intelligence Agency that will ensure effective monitoring of flows of MTCR technology to all countries that the Secretary of State has determined are of concern to the United States regarding missile proliferation in order to ensure detection of channels of diversion."

On page 30, line 12, delete all from "(a)" through "(1)" on line 13 and insert the following: PROLIFERATION CONTROL VIOLATIONS.

"(a) VIOLATIONS BY UNITED STATES PERSONS.—(1) SANCTION.—If the President determines that a United States person has transferred or conspired to transfer or facilitated the transfer, in violation of the provision of section 38 of the Arms Export Control Act (22 U.S.C. 2778), section 5 or 6 of the Export Administration Act of 1979 (50 U.S.C. App. 2404, 2405) or any regulations issued under any such provisions, of any item on the annex of goods and technology to the Missile Technology Control Regime, then the President shall deny to such United States person for a period of two years licenses issued pursuant to this Act for the transfer of missile equipment and technology.

"(2) DISCRETIONARY SANCTIONS.—In the case of any determination referred to in subsection (a), the Secretary may pursue any other approriate penalties available under section 11 of this Act.

"(3) WAIVER.—The President may waive, to the extent required to meet the national security needs of the United States, the imposition of sanctions under subsection (a) if the President certifies to the Congress that—

"(A) the product or service is essential to the national security of the United States; or

"(B) such person is a sole source supplier of the product or service, the product or service is not available from any alternative reliable supplier, and the need for the product or service cannot be met in a timely manner by improved manufacturing processes or technological developments.

"(b) TRANSFERS OF MISSILE EQUIPMENT AND TECHNOLOGY BY FOREIGN PERSONS.—(1) SANCTION.—"

On page 30, line 15, strike "1 year" and insert "2 years".

On page 30, line 15, after "(b)" insert "—(A)".

On page 30, line 24, after "State" inset ", or (B) the President has made a determination under section 73(a) of the Arms Export Control Act."

HELMS (AND PELL) AMENDMENT NO. 2661

Mr. HELMS (for himself and Mr. PELL) proposed an amendment to the bill S. 2927, supra, as follows:

At the end of the bill, add the following new title:

"TITLE —CHEMICAL WEAPONS

SECTION 1. SHORT TITLE.

This Act may be cited as the "Chemical and Biological Weapons Control Act of 1990".

SEC. 2. FINDINGS.

The Congress finds that—

(1) chemical weapons were employed in the recent Iran-Iraq war and by Iraq in attacks against its Kurdish minority;

(2) the use of chemical and biological weapons in violation of international law is abhorrent and requires immediate and effective sanctions;

(3) United Nations Security Council Resolution 620, adopted on August 26, 1988, states the intention of the Security Council to consider immediately "appropriate and effective" sanctions against any country using chemical or biological weapons in violation of international law;

(4) the Declaration of the Paris Conference on the Prohibition of Chemical Weapons demonstrates the resolve of most countries to reaffirm support for the 1925 protocol banning the use of chemical and bacteriological weapons and to press for attainment of a ban on the production and possession of chemical weapons;

(5) as many as 20 countries, including Iran, Iraq, Syria, and Libya have or are seeking the capability to produce chemical weapons;

(6) as many as 10 countries are working to produce biological weapons;

(7) by the year 2000, at least 15 developing countries will have the ability to produce ballistic missiles capable of carrying chemical or biological warheads;

(8) the further spread of chemical or biological weapons capabilities would pose a threat of incalculable proportions to friends and allies of the United States and undermine the national security of the United States;

(9) the United Nations should create an effective means of monitoring and reporting regularly on commerce in equipment, materials, and technology applicable to the attainment of a chemical or biological weapons capability; and

(10) every effort should be made to conclude an early agreement banning the production and stockpiling of chemical or biological weapons.

SEC. 3. PURPOSE.

It is the purpose of this Act—

(1) to mandate United States sanctions and to encourage international sanctions against countries that use chemical or biological weapons in violation of international law or use lethal chemical or biological weapons against their own nationals;

(2) to require presidential reports on efforts that threaten United States interests or regional stability by Iran, Iraq, Syria, Libya, and others to acquire the materials and technology to develop, produce, stockpile, and deliver chemical and biological weapons;

(3) to urge cooperation with other supplier nations to devise effective controls on the transfer of materials, equipment, and technology applicable to chemical or biological weapons production;

(4) to promote agreements banning the transfer of missiles suitable for armament with chemical or biological warheads;

(5) to encourage an early agreement banning the development, production, and stockpiling of chemical weapons; and

(6) to seek effective international means of monitoring and reporting regularly on commerce in equipment, materials, and technology applicable to the attainment of a chemical or biological weapons capability.

TITLE I—SANCTIONS AGAINST THE USE OF CHEMICAL AND BIOLOGICAL WEAPONS

SEC. 101. SANCTIONS FOR THE USE OF CHEMICAL WEAPONS.

(a) DETERMINATION BY THE PRESIDENT.—(1) Whenever information becomes available to the United States Government indicating the substantial possibility that, on or after the date of enactment of this Act, a foreign country has used chemical or biological weapons, the President shall, within 60 days of the receipt of such information by the United States Government, make a determination as to whether that foreign country, on or after such date, has used chemical or biological weapons in violation of international law or has used lethal chemical or biological weapons against its own nationals.

(2) Not later than 60 days after the chairman of the Committee on Foreign Relations of the Senate, upon consultation with the ranking minority member of such Committee, or the chairman of the Committee on Foreign Affairs of the House of Representatives, upon consultation with the ranking minority member of such Committee, requests the President to make a determination as to whether or not a foreign country, on or after the date of enactment of this Act, has used chemical or biological weapons in violation of international law or has used lethal chemical or biological weapons against its own nationals, the President shall make such determination and so report in writing to the chairmen of such Committees.

(3) In making the determination under paragraph (1) or (2), the President shall consider the following:

(A) All physical and circumstantial evidence available bearing on the possible use of such weapons.

(B) All information provided by alleged victims, witnesses, and independent observers.

(C) The extent of the availability of the weapons in question to the purported user.

(D) All official and unofficial statements bearing on the possible use of such weapons.

(E) Whether, and to what extent, the country in question is willing to honor a request from the Secretary General of the United Nations to grant timely access to a United Nations fact-finding team to investigate the possibility of chemical or biological weapons use or to grant such access to other legitimate outside parties.

(b) SANCTIONS. —In the event of a Presidential determination under subsection (a) that, on or after the date of enactment of this Act, a foreign country has used chemical or biological weapons in violation of international law or has used lethal chemical or biological weapons against its own nationals, then the President shall—

(1) terminate assistance to that country under the Foreign Assistance Act of 1961, except for urgent humanitarian assistance, or for the purpose of purchasing food or other agricultural products;

(2) terminate all foreign military sales financing under the Arms Export Control Act with respect to that country;

(3) terminate United States Government sales to that country of any defense articles or defense services;

(4) prohibit the issuance of any licenses for the export to that country of any item on the United States Munitions List;

(5) prohibit, under the authorities of section 6 of the Export Administration Act of 1979, the export to that country of any goods or technology except food or other agricultural products;

(6) oppose, in accordance with section 701 of the International Financial Institutions Act, the extension of any loan or financial or technical assistance to that country by international financial institutions;

(7) deny that country any credit or credit guarantees through the Export-Import Bank of the United States;

(8) prohibit any United States bank from making any loan or providing any credit to that country, except for loans or credits for the purpose of purchasing food or other agricultural products; and

(9) terminate, consistent with international law, the landing rights in the United States of any airline owned by the government of that country at the earliest practicable date.

SEC. 102. WAIVER.

The President may waive the applicability of some or all of the sanctions listed in section 101 with respect to a specific country for a period of not to exceed twelve months beginning on the date of the determination by the President of use by that country of chemical or biological weapons in violation of international law, or the use of lethal chemical or biological weapons against its own nationals, if he determines that such waiver is in the national interest of the United States and so certifies to the Speaker of the House of Representatives and the President of the Senate. Together with such certification, the President shall submit in writing a statement containing a detailed explanation of the national interest requiring a waiver, which may include a classified addendum if necessary.

SEC. 103. NOTIFICATION.

Not later than five days after he imposes any sanction described in section 101 against a country or waives under section 102 the applicability of any such sanction, the President shall so notify in writing the Speaker of the House of Representatives and the President of the Senate.

SEC. 104 CONTRACT SANCTITY.

(a) SANCTIONS NOT APPLIED TO EXISTING CONTRACTS.— No sanction described in paragraphs (6) through (10) of section 101(b) shall apply to any activity pursuant to any contract or international agreement entered into before the date of the appropriate presidential determination under section 101(a) unless the President determines, on a case-by-case basis, that to so apply such sanction would prevent the performance of a contract or agreement that would have the effect of assisting a country in using chemical or biological weapons in violation of international law or in using lethal chemical or biological weapons against its own nationals.

(2)(A) The same restrictions of section 6(m) of the Export Administration Act of 1979 which are applicable to exports prohibited under section 6 of that section shall apply to exports prohibited under section 101(b)(5).

(B) For purposes of subparagraph (A) of this paragraph, any contract or agreement the performance of which (as determined by the President) would have the effect of assisting a country in using chemical or biological weapons in violation of international law or in using lethal chemical or biological weapons against its own nationals shall be treated as constituting a breach of the peace that poses a serious and direct threat to the strategic interest of the United States, within the meaning of subparagraph (A) of section 6(m) of that Act.

(b) SANCTIONS APPLIED TO EXISTING CONTRACTS.—The sanctions described in paragraphs (1), (2), (3), and (4) of section 101 shall apply to contracts and agreements, without regard to the date such contracts or agreements were entered into, except that such sanctions shall not apply to any contract or agreement entered into before the date of the appropriate presidential determination under section 101(a) if the President determines that the application of such sanction would be detrimental to the national security interests of the United States.

SEC. 105. REMOVAL OF SANCTIONS.

The President may remove the sanctions imposed pursuant to section 101 of this Act if the President determines and so certifies to the Speaker of the House of Representatives and the President of the Senate that the country under sanction—

(1) has renounced any use of chemical or biological weapons in violation of international law, or any use of lethal chemical or biological weapons against its own nationals, and has provided reliable assurances to that effect; and

(2) has made satisfactory restitution to those affected in its earlier use of chemical or biological weapons in violation of international law or in its earlier use of lethal chemical or biological weapons against its own nationals.

SEC. 106. PRESIDENTIAL REPORTS.

Not later than 90 days after the date of enactment of this Act, and every 12 months thereafter, the President shall submit to the Speaker of the House of Representatives and the President of the Senate, a report—

(1) detailing efforts by countries or subnational groups that threaten United States security interests or regional stability (including efforts by Iran, Iraq, Libya, and Syria and other developing countries or subnational groups) to acquire the materials and technology to develop, produce, stockpile, and deliver chemical, biological or nuclear weapons, together with an assessment of the present and future capabilities of such countries or subnational groups to develop, produce, stockpile, and deliver chemical, biological or nuclear weapons;

(2) describing the degree to which any country or foreign person has aided or abetted the government of any country or a subnational group to engage in any activity in connection with the acquisition of any such chemical, biological or nuclear weapon; and

(3) listing all United States persons against whom administrative, civil, or criminal penalties have been applied for shipment of goods and technology controlled for chemical, biological and nuclear weapons proliferation purposes pursuant to the Export Administration Act of 1979 or the Arms Export Control Act.

To the extent practicable, reports submitted pursuant to this section should be based on unclassified information. Portions of each such report may be classified.

SEC. 107. MULTILATERAL EFFORTS.

The President is urged—

(1) to continue close cooperation with others in the Australia Group in support of its current efforts and in devising additional means to monitor and control the supply of chemicals applicable to weapons production to Iraq, Iran, Syria, and Libya—countries that currently support or have recently supported acts of international terrorism;

(2) to work closely with other countries also capable of supplying equipment, materials, and technology with particular applicability to chemical or biological weapons production to devise the most effective controls possible on the transfer of such materials, equipment, and technology;

(3) to seek agreements with countries that produce ballistic missiles suitable for carrying chemical or biological warheads that would prevent the transfer of such missiles; and

(4) to take the initiative in pressing for early conclusion of an international agreement banning the development, production, and stockpiling of chemical weapons.

SEC. 108. UNITED NATIONS INVOLVEMENT.

The President is urged to give full support to—

(1) the United Nations Security Council, in furtherance of Security Council Resolution 620, adopted August 26, 1988, in developing sanctions comparable to those enumerated in section 101 of this Act, to be imposed in the event that any country uses chemical or biological weapons in violation of international law; and

(2) the creation of an effective multilateral means of monitoring and reporting regularly on commerce in chemical equipment, materials, and technology applicable to the attainment of a chemical or biological weapons capability.

TITLE II—MEASURES TO PREVENT THE PROLIFERATION OF CHEMICAL AND BIOLOGICAL WEAPONS

SEC. 201. MULTILATERAL EFFORTS.

It is the policy of the United States to seek multilaterally coordinated efforts with other countries to control the proliferation of chemical and biological weapons.

It is also the policy of the United States to strengthen efforts to control chemical agents, precursors, and equipment by taking all appropriate multilateral diplomatic measures—

(1) to continue to seek a verifiable global ban on chemical weapons at the 40 nation Conference on Disarmament in Geneva;

(2) to undertake a diplomatic initiative to strengthen the Australia Group's objectives to support the norms and restraints against the spread and the use of chemical warfare, advance the negotiation of a comprehensive ban on chemical warfare by taking appropriate measures, and to protect the Group's domestic industries against inadvertent association with supply of feedstock chemical equipment that could be misused to produce chemical weapons;

(3) to implement paragraph (2) by introducing steps complementary to, and not mutually exclusive of, existing multilateral efforts seeking a verifiable ban on chemical weapons, such as the establishment of—

(A) a permanent secretariat,

(B) a harmonized list of export control rules and regulations to prevent relative commercial advantage and disadvantages accruing to Australia Group members.

(C) liaison officers to the secretariat from within the diplomatic missions.

(D) a close working relationship between the Group and industry.

(E) A public unclassified warning list of controlled chemical agents, precursors, and equipment,

(F) information-exchange channels of suspected proliferants,

(G) a "denial" list of firms and individuals who violate the Group's export control provisions, and

(H) broader cooperation between the Australia Group and other countries whose political commitment to stem the proliferation of chemical weapons is similar to that of the Group; and

(4) to adopt the imposition of stricter controls on the export of chemical agents, precursors, and equipment and to adopt tougher multilateral sanctions against firms and individuals who violate these controls or

against countries that use chemical weapons.

SEC. 202. PRINCIPLES GUIDING THE ADOPTION OF A MULTILATERAL EXPORT CONTROL SYSTEM.

(a) IN GENERAL.—The United States Government should propose to the Australia Group that its objectives should be guided by taking all appropriate measures—

(1) to ensure that the measures are effective in impeding the production of chemical weapons,

(2) to ensure that the measures are easy and economical to implement, and that they are practical; and

(3) to ensure that the measures do not impede the normal trade of chemicals and equipment used for legitimate purposes.

(b) DEFINITIONS.—For the purpose of section 201 and this section, the term "Australia Group" means the group of nineteen OECS nations dedicated to the control of the export of certain chemicals, including Australia, New Zealand, Austria, Belgium, Denmark, Canada, Japan, Norway, United States, United Kingdom, Federal Republic of Germany, France, Greece, Ireland, Italy, Netherlands, Portugal, Spain, Luxembourg, and Switzerland.

SEC. 202. EXPORT CONTROLS.

(a) IN GENERAL.—The President shall—

(1) use the authorities of the Arms Export Control Act to control the export of those defense articles and defense services, and

(2) use the authorities of the Export Administration Act of 1979 to control the export of those goods and technologies.

that the President determines would assist a country in acquiring the capability to develop, produce, stockpile, deliver, or use chemical or biological weapons.

(b) EXPORT ADMINISTRATION ACT.—Section 6 of the Export Administration Act of 1979 (50 U.S.C. App. 2405) is amended by adding at the end thereof the following new subsection:

"(q) CHEMICAL AND BIOLOGICAL WEAPONS.—The Secretary, in consultation with the Secretary of State and the Secretary of Defense shall establish and maintain a list of goods and technology that would directly and substantially assist a country or group in acquiring the capability to develop, produce, stockpile, or deliver chemical or biological weapons, the licensing of which would be effective in barring acquisition or enhancement of such capability;

"(2) The Secretary shall require a validated license for any export of goods or technology listed under paragraph (1) to any country except those with whose governments the United States has entered into bilateral or multilateral arrangements for the control of such goods or technology and such other countries as the President shall designate consistent with the purposes of this Act.

"(3) Notwithstanding any other provision of this Act, a determination of the Secretary to approve or deny an export license for the export of goods or technology under this subsection may be made only after consultation with the Secretary of State. If the Secretary disagrees with the Secretary of State regarding any determination under paragraph (1) or (2), the matter shall be referred to the President for resolution.".

(c) IMPROVED VERIFICATION OF EXPORT CONTROLS.—The Secretary of Commerce should, in order to supplement existing means of verification of export controls relating to chemical and biological weapons, take measures to encourage voluntary utilization of appropriate independent inspection companies to inspect and certify shipments and end-users of chemicals that could be used in the development of chemical and biological weapons."

SEC. 204. SANCTIONS AGAINST CERTAIN FOREIGN PERSONS.

The Arms Export Control Act is amended by inserting after section 38 the following new section:

"SEC. 38A. SANCTIONS AGAINST CERTAIN FOREIGN PERSONS.

"(a) DETERMINATION BY THE PRESIDENT.—

"(1) IMPOSITION OF SANCTIONS.—The President subject to subsection (d), shall impose on a foreign person the sanctions under subsection (b) if the President determines that the foreign person, on or after the date of the enactment of this section, has knowingly and materially contributed 'through shipment of goods or technologies that would be, if they were United States goods or technologies, subject to the jurisdiction of the United States, or through any transaction, other than of goods and technology, not subject to sanctions pursuant to the Export Administration Act, to the efforts to use, develop, produce, stockpile, or otherwise acquire chemical or biological weapons by any country that the President has determined has at any time after January 1, 1980—

"(A) use chemical or biological weapons in violation of international law;

"(B) use lethal chemical or biological weapons against its own nationals:

"(C) made substantial preparations to do the activities described in clause (A) or (B); or

"(D) been designated pursuant to section 6(j) of the Export Administration Act of 1979 as a country which supports international terrorism.

"(2) CONSULTATIONS WITH THE ACTIONS BY GOVERNMENT OF JURISDICTION.—The President may delay imposition of sanctions against a foreign person for a period of up to 90 days in order to pursue consultations with the government with primary jurisdiction over that foreign person involved in the activities cited in paragraph (1). Following these consultations, the President shall impose sanctions against the foreign person unless he has determined and certified to the Congress that such government has taken specific and effective actions, including appropriate penalties, to terminate the involvement of the foreign person in such activities.

"(3) REPORT TO CONGRESS.—The President shall report to the Congress, not later than 30 days after making a determination under paragraph (1), on the status of consultations with the appropriate government under paragraph (2), and the basis for any determination under paragraph (2) that such government has taken specific corrective actions.

"(b) SANCTIONS.—The sanctions referred to in subsection (a) shall apply to the foreign person committing the violation, as well as any parent, affiliate, subsidiary, and successor entity of the foreign person, are as follows:

"(1) PROCUREMENT SANCTION.—The United States Government shall not procure, or enter into any contract for the procurement of, any goods or services from the foreign person.

"(c) TERMINATION OF SANCTION.—A sanction imposed on a foreign person under this section shall apply for a period of at least 24 months and in no case shall cease to apply to that foreign person until the expiration of the 12-month period beginning on the date the President determines and certifies to the Congress that—

"(1) reliable intelligence information indicates that the foreign person has ceased to aid or abet any foreign country in its efforts to acquire chemical or biological weapons capability as described in subsection (a)(1) of this section; and

"(2) in the President's judgment, it would be in the national interest of the United States to procure or contract for the procurement of goods or services from such foreign person, or to import goods or services from such foreign person.

(d) EXCEPTIONS.—The President shall not be required under this section to apply sanctions—

"(1) in the case of procurement of defense articles or defense services—

"(A) under existing contracts or subcontracts, including the exercise of options for production quantities to satisfy United States operational military requirements;

"(B) if the President determines that the person or other entity to which the sanctions would otherwise be applied is a sole source supplier of the defense articles or services, that the defense articles or services are essential, and that alternative sources are not readily or reasonably available; or

"(C) if the President determines that such articles or services are essential to the national security under defense coproduction agreement;

"(2) to products or services provided under contracts entered into before the data on which the President publishes his intention to impose sanctions;

"(3) to—

"(A) spare parts,

"(B) component parts, but not finished products, essential to United States products or production, or

"(C) routine servicing and maintenance of products, to the extent that alternative sources are not readily or reasonably available;

"(4) to information and technology not directly useful for the development, production, or stockpiling of chemical or biological weapons; or

"(5) to medical or other humanitarian items.

"(e) DEFINITION.—For the purposes of this section, the term 'foreign person' means—

"(A) an individual who is not a citizen of the United States or an alien admitted for permanent residence to the United States; or

"(B) a corporation, partnership, or other entity, including any parent or subsidiary entity thereof, which is created or organized under the laws of a foreign country or which has its principal place of business outside the United States.".

SEC. 205. SANCTIONS AGAINST CERTAIN FOREIGN PERSONS.

The Export Administration Act of 1979 (50 U.S.C. App. 2410) is amended by inserting after section 11A the following new section:

"CHEMICAL AND BIOLOGICAL WEAPONS PROLIFERATION

"SEC. 11B. (a) DETERMINATION BY THE PRESIDENT.—

"(1) IMPOSITION OF SANCTIONS.—The President, subject to subsection (d), shall impose on a foreign person the sanctions under subsection (b) if the President determines that the foreign person, on or after the date of the enactment of this section, has knowingly and materially contributed through shipment of goods or technologies that would

be, if they were United States goods or technologies, subject to the jurisdiction of the United States pursuant to this Act; to the efforts to use, develop, produce, stockpile, or otherwise acquire chemical or biological weapons by any country that the President has determined has at any time after January 1, 1980—

"(A) used chemical or biological weapons in violation of international law;

"(B) use lethal chemical or biological weapons against its own nationals;

"(C) made substantial preparations to do the activities described in clause (A) or (B); or

"(D) been designated pursuant to section 6(j) of this Act as a country which supports international terrorism.

"(2) CONSULTATIONS WITH AND ACTIONS BY GOVERNMENT OF JURISDICTION.—The President may delay imposition of sanctions against a foreign person for a period of up to 90 days in order to pursue consultations with the government with primary jurisdiction over that foreign person involved in the activities cited in paragraph (1). Following these consultations, the President shall impose sanctions against the foreign person unless he has determined and certified to the Congress that such government has taken specific and effective actions, including appropriate penalties, to terminate the involvement of the foreign person in such activities.

"(3) REPORT TO CONGRESS.—The President shall report to the Congress, not later than 30 days after making a determination under paragraph (1), on the status of consultations with the appropriate government under paragraph (2), and the basis for any determination under paragraph (2) that such government has taken specific corrective actions.

"(b) SANCTIONS.—The sanctions referred to in subsection (a) shall apply to the foreign person committing the violation, as well as to any parent, affiliate, subsidiary, and successor entity of the foreign person, and are as follows:

"(1) PROCUREMENT SANCTION.—The United States Government shall not procure, or enter into any contract for the procurement of, any goods or services from that foreign person.

"(c) TERMINATION OF SANCTIONS.—A sanction imposed on a foreign person under this section shall apply for a period of at least 24 months and in no case shall cease to apply to that foreign person until the expiration of the 12-month period beginning on the date the President determines and certifies to the Congress that—

"(1) reliable intelligence information indicates that the foreign person has ceased to aid or abet any foreign country in its efforts to acquire chemical or biological weapons capability as described in subsection (a)(1) of this section; and

"(2) in the President's judgment, it would be in the national interest of the United States to procure or contract for the procurement of goods or services from such foreign person or to import goods or services from such foreign person.

(d) EXCEPTIONS.—The President shall not be required under this section to apply sanctions—

"(1) in the case of procurement of defense articles or defense services—

"(A) under existing contracts or subcontracts, including the exercise of options for production quantities to satisfy United States operational military requirements;

"(B) if the President determines that the person or other entity to which the sanctions would otherwise be applied is a sole source supplier of the defense articles or services, that the defense articles or services are essential, and that alternative sources are not readily or reasonably available; or

"(C) if the President determines that such articles or services are essential to the national security under defense coproduction agreements;

"(2) to products or services provided under contracts entered into before the date on which the President publishes his intention to impose sanctions;

"(3) to—

"(A) spare parts,

"(B) component parts, but not finished products, essential to United States products or production, or

"(C) routine servicing and maintenance of products, to the extent that alternative sources are not readily or reasonably available;

"(4) to information and technology not directly useful for the development, production, or stockpiling of chemical or biological weapons; or

"(5) to medical or other humanitarian items.

"(e) DEFINITION.—For the purposes of this section, the term 'foreign person' means—

"(1) the term 'foreign person' means—

"(A) an individual who is not a citizen of the United States or an alien admitted for permanent residence to the United States; or

"(B) a corporation, partnership, or other entity, including any parent or subsidiary entity thereof, which is created or organized under the laws of a foreign country or which has its principal place of business outside the United States: and

"(2) the terms 'defense article' and 'defense service' have the same meanings as are given to such terms by paragraphs (3) and (4), respectively, of section 47 of the Arms Export Control Act.".

SEC. 206. DEFINITIONS.

For the purposes of this Act—

(1) the term "foreign person" means—

(A) an individual who is not a citizen of the United States or an alien admitted for permanent residence to the United States; or

(B) a corporation, partnership, or other entity, including any parent or subsidiary entity thereof, which is created or organized under the laws of a foreign country or which has its principal place of business outside the United States; and

(2) the terms "defense article" and "defense service" have the same meanings as are given to such terms by paragraphs (3) and (4), respectively, of section 47 of the Arms Export Control Act.

TITLE III—ADDITIONAL RESTRICTIONS ON TRADE WITH CUBA

SEC. 301. PROHIBITION ON CERTAIN TRANSACTIONS BETWEEN CERTAIN UNITED STATES FIRMS AND CUBA.

Notwithstanding any other provision of law, no license may be issued for any transaction described in section 515.559 of title 31, Code of Federal Regulations, as in effect on July 1, 1989.

SEC. 302. MILITARY AID TO CUBA.

(a)(1) Since totalitarian rule is giving way to democratic rule around the world:

(2) Since the people of Eastern Europe have led the way, embracing Mikhail Gorbachev's polices of Glasnost and Perestroika and replacing totalitarian regimes with elected governments that respect human rights;

(3) Since Fidel Castro's totalitarian rule stands in stark contrast to the democracy sweeping through Eastern Europe, Latin America, and other parts of the world;

(4) Since after thirty years of rule Castro still stubbornly clings to power, publicly attacking the new policies and governments of Eastern Europe, and openly criticizing the policies of Mikhail Gorbachev;

(5) Since despite these attacks the Soviet Union continued to prop up the Castro government, subsidizing the Cuban economy at an annual rate of at least $5.5 billion, $1.5 billion of it in military assistance.

(6) Since Soviet Deputy Prime Minister Leonid Abalkin has publicly stated that commercial ties between the two countries might be expanded and perhaps even substantially increased;

(7) Since the Soviet Union continues to modernize the Cuban armed forces, delivering six new advanced MIG-29 fighters earlier this year;

(8) Since this business as usual support continues at a time when Castro has launched a new wave of repression, arresting human rights activists, underground political leaders, dissidents, university students, and religious leaders;

(9) Since Castro has executed, arrested, and dismissed key members of his military high command, state security ministry, personal body guard, Cuban Comminist Party Central Committee, and diplomatic corps during the past year, in an ongoing purge to consolidate control and discourge reform;

(10) Since Castro has arrested and deported international journalists for reporting the growing human rights and pro-democracy movement in Cuba; and

(11) Since Castro has gone so far as to deport Eastern bloc reporters who "compare Cuba to Romania—the calm before the storm," take Soviet publications such as Moscow News out of circulation, and ban Perestroika by Mikhail Gorbachev.

(b) it is the sense of the Congress that—

(1) continuing Soviet support of Cuba remains a serious problem in United States-Soviet relations;

(2) the Soviet Union, in reexamining its relationship with Cuba, should cease military aid to the Castro regime and take all other possible steps to further the policies of Glasnost and Perestroika by adopting policies supporting the political, economic rights, and human rights of the Cuban people.

TITLE IV—GENERAL PROVISIONS

SEC. 401. INCURSIONS INTO ISRAEL.

(a) During the next round of talks with the PLO, should such talks occur after the date of enactment of this Act, the representatives of the United States should obtain from the Represenatives of the PLO a full accounting of the following attempted incursions into Israel which occurred after Yasser Arafat's statement of December 1, 1988:

(1) On August 7, 1989, a rocket attack on the settlement of Maoz Haim by members of the PLO-affiliated Popular Front for the Liberation of Palestine.

(2) On February 4, 1990, an unprovoked ambush by the Popular Front for the Liberation of Palestine-General Command on an Israeili tour bus in Egypt that killed 9 and wounded 15 Israelis.

(3) On September 6, 1989, a rocket attack by the PLO-affiliated Popular Front for the Liberation of Palestine aimed at Kibbutz Tel-Katzir that fell on Kibbutz Sha'ar Hagolan.

(4) On January 26, 1990, an attack on an Israeli Army patrol by at least three terrorists of the PLO-affiliated Democratic Front for the Liberation of Palestine headed for Kibbutz Misaay-Am.

(5) On May 28, 1989, an attack by the Popular Front for the Liberation of Palestine and the Palestine Liberation Front, both PLO-affiliated organizations, in which a one-year old Israeli was injured by a Katyush rocket.

(6) On October 7, 1989, an attempted raid on Kibbutz Misgav-Am by a squad of terrorists armed with machine guns and anti-tank missiles from the PLO-aligned Palestine Liberation Front.

(7) On April 13, 1990, an attempted infiltration into northern Israel by boat by four terrorists of Yasser Arafat's Al-Fatah, equipped with machine guns and grenades.

(b) In the event that talks are held with the PLO after the date of enactment of this Act, the Secretary of State, shall include in the next report provided to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate under section 804 of the Foreign Relations Authorization Act for Fiscal Years 1990 and 1991 any accounting provided by the subsection (a) and the relationship between those groups responsible for these attacks and the PLO: *Provided,* That such report shall also include a list of all individuals participating in discussions held between representatives of the United States and of the Palestine Liberation Organization since January 1, 1989; and, that such report should also include any additional affiliations of such representatives of the PLO.

(c) No later than 60 days after enactment, the Commissioner of the Customs Service shall provide the President of the Senate and Speaker of the House of Representatives with a report outlining illegal activities being undertaken in the United States by the Palestine Liberation Organization or on behalf of the Palestine Liberation Organization; including such activities as illegal drug trafficking, money laundering, weapons purchases and arms shipments; estimating the amount of funds associated with such activities; and describing the extent to which members of the PLO Executive Committee, and the PLO Central Council and the Palestine National Council are aware of, or are involved in such illegal activities".

HELMS AMENDMENT NO. 2662

Mr. HELMS proposed an amendment, which was subsequently modified, to the bill S. 2927, supra, as follows:

At the end of the bill, add the following new section:

"SEC. . Section 5(b)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2404(b)(1) is amended by adding after "Foreign Assistance Act of 1961" the following: "and Iraq, Iran, Syria, and Libya, and those countries determined by the president to be transferring United States chemical, biological, nuclear or missile technology to such countries, unless the President determines that such countries are not producing, developing or stockpiling chemical, biological, or nuclear weapons or ballistic missiles. Nothing in this section shall preclude the imposition of controls on the transfer of United States chemical, biological, nuclear, or missile technology under section 6 of this Act."

STUDENT RIGHT TO KNOW AND CAMPUS SECURITY ACT

KENNEDY AMENDMENT NO. 2663

(Ordered to lie on the table.)

Mr. BRYAN (for Mr. KENNEDY) proposed an amendment to the bill (S. 580), to require institutions of higher education receiving Federal financial assistance to provide certain information with respect to graduation rates of student athletes at such institutions, as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Student Right-to-Know and Campus Security Act".

TITLE I—STUDENT AND STUDENT ATHLETE RIGHT-TO-KNOW

SEC. 101. SHORT TITLE.

This title may be cited as the "Student Right-to-Know Act".

SEC. 102. FINDINGS.

The Congress finds that—

(1) education is fundamental to the development of individual citizens and the progress of the Nation as a whole;

(2) there is increasing concern among citizens, educators, and public officials regarding the academic performance of students at institutions of higher education;

(3) a recent study by the National Institute of Independent Colleges and Universities found that just 43 percent of students attending four-year public colleges and universities and 54 percent of students entering private institutions graduated within six years of enrolling;

(4) the academic performance of student athletes, especially student athletes receiving football and basketball scholarships, has been a source of great concern in recent years;

(5) prospective students and prospective student athletes should be aware of the educational records and commitments of an institution of higher education; and

(6) knowledge of graduation rates would help prospective students and prospective student athletes make an informed judgment about the educational benefits available at a given institution of higher education.

SEC. 103. ADDITIONAL GENERAL DISCLOSURE REQUIREMENTS RELATING TO GRADUATION.

(a) DISCLOSURE OF GRADUATION RATES.—Section 485(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1092(a)(1)) (hereafter in this Act referred to as the "Act") is amended—

(1) by striking "and" at the end of subparagraph (J);

(2) by striking the period at the end of subparagraph (K) and inserting "; and"; and

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

"(L) the graduation rate of certificate- or degree-seeking, full-time students entering such institution.".

(b) CONSTRUCTION OF DISCLOSURE REQUIREMENTS.—Section 485(a) of the Act (20 U.S.C. 1092(a)) is further amended by adding at the end the following new paragraphs:

"(3) For purposes of this section, the term 'graduation rate' means the percentage of students with no previous collegiate participation who enter the institution as certificate- or degree-seeking full-time students and, within 150 percent of the standard time for completion of the program, have completed the program, or enrolled in any program of an eligible institution for which the prior program provides substantial preparation.

"(4) The information required to be disclosed under subparagraph (L)—

"(A) shall be available beginning on October 1, 1993, and each year thereafter to current and prospective students prior to enrolling or entering into any financial obligation;

"(B) shall cover the 1-year period ending on September 30 of the preceding year; and

"(C) shall be updated not less often than biennially.

"(5) For purposes of this section, institutions may exclude from the information disclosed in accordance with subparagraph (L) the completion rates of students who leave school to serve in the armed services, on official church missions, or with a recognized foreign aid service of the Federal Government.".

SEC. 104. REPORTING REQUIREMENTS FOR INSTITUTIONS OF HIGHER EDUCATION.

(a) INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.—Section 485 of the Act (20 U.S.C. 1092) is further amended by adding at the end thereof the following new subsection:

"(e) DISCLOSURES REQUIRED WITH RESPECT TO ATHLETICALLY RELATED STUDENT AID.—(1) Each eligible institution participating in any program under this title and that is attended by students receiving athletically related student aid shall annually submit a report to the Secretary that contains—

"(A) the number of students, broken down by race and sex, at the institution of higher education who received athletically related student aid to participate in—

"(i) basketball;

"(ii) football; and

"(iii) all other sports combined;

"(B) the number of students, broken down by race and sex, at the institution of higher education;

"(C) the graduation rate, broken down by race and sex, for students at the institution of higher education who received athletically related student aid to participate in—

"(i) basketball;

"(ii) football; and

"(iii) all other sports combined;

"(D) the graduation rate, broken down by race and sex, for students at the institution of higher education;

"(E) the average graduation rate, broken down by race and sex, for the 4 most recent graduating classes of students at the institution of higher education who received athletically related student aid to participate in—

"(i) basketball;

"(ii) football; and

"(iii) all other sports combined; and

"(F) the average graduation rate, broken down by race and sex, for the 4 most recent graduating classes of students at the institution.

"(2) When an institution described in paragraph (1) of this subsection offers a potential student athlete athletically related student aid, such institution shall provide to the student and the student's parents, guidance counselor, and coach the information contained in the report submitted by such institution pursuant to paragraph (1).

"(3) For purposes of this subsection, institutions may exclude from the reporting requirements under paragraphs (1) and (2)

the graduation rates of students and student athletes who leave school to serve in the armed services, on official church missions, or with a recognized foreign aid service of the Federal Government.

"(4) Each institution of higher education described in paragraph (1) may provide supplemental information to students and the Secretary showing the graduation rate when such graduation rate includes students transferring into and out of such institution.

"(5) The Secretary shall, using the reports submitted under this subsection, compile and publish a report containing the information required under paragraph (1), broken down by—

"(A) individual institutions of higher education; and

"(B) athletic conferences recognized by the National Collegiate Athletic Association and the National Association of Intercollegiate Athletics.

"(6) The Secretary shall waive the requirements of this subsection for any institution of higher education that is a member of an athletic association or athletic conference that has voluntarily published graduation rate data or has agreed to publish data that, in the opinion of the Secretary, is substantially comparable to the information required under this subsection.

"(7) The Secretary, in conjunction with the national Junior College Athletic Association, shall develop and obtain data on graduation rates from two-year colleges that award athletically related student aid. Such data shall, to the extent practicable, be consistent with the reporting requirements set forth in this section.

"(8) For purposes of this subsection, the term 'athletically related student aid' means any scholarship, grant, or other form of financial assistance whose terms require the recipient to participate in a program of intercollegiate athletics at an institution of higher education in order to be eligible to receive such assistance.".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1992, except that the first report to the Secretary of Education shall be due on October 1, 1993.

TITLE II—CRIME AWARENESS AND CAMPUS SECURITY

SEC. 201. SHORT TITLE.

This title may be cited as the "Crime Awareness and Campus Security Act of 1990".

SEC. 202. FINDINGS.

The Congress finds that—

(1) the reported incidence of crime, particularly violent crime, on some college campuses has steadily risen in recent years;

(2) although annual "National Campus Violence Surveys" indicate that roughly 80 percent of campus crimes are committed by a student upon another student and that approximately 95 percent of the campus crimes that are violent are alcohol- or drug-related, there are currently no comprehensive data on campus crimes;

(3) out of 8,000 postsecondary institutions participating in Federal student aid programs, only 352 colleges and universities voluntarily provide crime statistics directly through the Uniform Crime Report of the Federal Bureau of Investigation, and other institutions report data indirectly, through local police agencies or States, in a manner that does not permit campus statistics to be separated out;

(4) several State legislatures have adopted or are considering legislation to require reporting of campus crime statistics and dissemination of security practices and procedures, but the bills are not uniform in their requirements and standards;

(5) students and employees of institutions of higher education should be aware of the occurrence of crime on campus and policies and procedures to prevent crime or to report occurrences of crime;

(6) applicants for enrollment at a college or university, and their parents, should have access to information about crime statistics of that institution and its security policies and procedures; and

(7) while many institutions have established crime preventive measures to increase the safety of campuses, there is a clear need—

(A) to encourage the development on all campuses of security policies and procedures;

(B) for uniformity and consistency in the reporting of crimes on campus; and

(C) to encourage the development of policies and procedures to address sexual assaults and racial violence on college campuses.

SEC. 203. DISCLOSURE OF CAMPUS SECURITY POLICY AND CAMPUS CRIME STATISTICS.

(a) DISCLOSURE REQUIREMENTS.—Section 485 of the Act (20 U.S.C. 1092) is further amended by adding at the end thereof the following new subsection:

"(f) DISCLOSURE OF CAMPUS SECURITY POLICY AND CAMPUS CRIME STATISTICS.—(1) Each eligible institution participating in any program under this title shall prepare, publish, and distribute, through appropriate publications or mailings, to all current students and employees, and to any applicant for enrollment or employment upon request, beginning on October 1, 1992, and each year thereafter, an annual security report containing at least the following information with respect to the campus security policies and campus crime statistics of that institution:

"(A) A detailed description of current campus security procedures and practices, including procedures and facilities for students and employees to report to campus police and local police criminal actions or other crime related emergencies occurring on campus.

"(B) A statement of current policies concerning—

"(i) security and access to campus facilities, including campus residences, and security considerations used in the maintenance of campus facilities; and

"(ii) campus law enforcement, including a description of policies that encourage students and employees to report criminal actions promptly and accurately to the campus police and the local police and a description of the working relationship between the campus police and State and local police agencies.

"(C) A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others.

"(D) A description of programs designed to inform students and employees about the prevention of crimes.

"(E) Statistics concerning the occurrence of violent crimes against students, such as murder, rape, robbery and aggravated assault, during the most recent school year as reported to campus police and local police. Such statistics shall include such crimes committed against students while in attendance at the institution, regardless of whether the crimes occurred on campus.

"(F) A statement of policy concerning local police agency monitoring and recording of criminal activity at off-campus housing of student organizations recognized by the insitution that is engaged in by students attending the institution.

"(2) Nothing in this subsection shall be construed to authorize the Secretary to require particular policies, procedures, or practices by institutions of higher education with respect to campus crimes or campus security.".

(b) PROGRAM PARTICIPATION AGREEMENT REQUIREMENTS.—Section 487(a) of the Act (20 U.S.C. 1094(a)) is amended by adding at the end thereof the following new paragraph:

"(12) The institution certifies that—

"(A) the institution has established a campus security policy; and

"(B) the institution has complied with the disclosure requirements of section 485(f).".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1992.

SEC. 204. DISCLOSURE OF DISCIPLINARY PROCEEDING OUTCOMES TO CRIME VICTIMS.

Section 438(b) of the General Education Provisions Act (20 U.S.C. 1232g(b)) is amended by adding at the end thereof the following new paragraph:

"(6) Nothing in this section shall be construed to prohibit an institution of postsecondary education from disclosing, to an alleged victim of any crime of violence (as that term is defined in section 16 of title 18, United States Code), the results of any disciplinary proceeding conducted by such institution against the alleged perpetrator of such crime with respect to such crime.".

TITLE III—CALCULATION OF DEFAULT RATES

SEC. 301. CALCULATION OF DEFAULT RATES.

Section 435 of the Act (20 U.S.C. 1085) is amended—

(1) in subsection (l), by striking out "The term" and inserting in lieu thereof "Except as provided in subsection (m), the term"; and

(2) in subsection (m), by inserting immediately after the first sentence the following: "In determining the number of students who default before the end of such fiscal year, the Secretary shall include only loans for which the Secretary or a guaranty agency has paid claims for insurance, and, in calculating the cohort default rate, exclude any loans as to which the Secretary has reason to believe that, due to improper servicing or collection of such loans, the inclusion of such loans would not result in an accurate or complete calculation of the cohort default rate.".

NOTICES OF HEARINGS

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. INOUYE. Mr. President, I would like to announce that the Select Committee on Indian Affairs will be holding the following meetings in 485 Russell Senate Office Building:

Tuesday, September 18, 1990, beginning at 10 a.m., markup on S. 2645, the Urban Indian Health Equity Act and H.R. 5063, the Fort McDowell Indian Water Settlement Act to be followed

by a hearing on S. 2895, the Seneca Nation Settlement Act of 1990.

Tuesday, September 25, 1990 beginning at 10 a.m., markup on S. 1554, the Truckee-Carson-Pyramid Lake Water Rights Settlement Act; S. 2870, the Fort Hall Indian Water Rights Act of 1990, and S. 2895, the Seneca Nation Settlement Act of 1990 to be followed by an oversight hearing on a proposal to establish Wounded Knee Memorial and Historic Site.

Those wishing additional information should contact the Select Committee on Indian Affairs at 224-2251.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. BRYAN. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be allowed to meet during the session of the Senate on Thursday, September 13, 1990, at 10 a.m. to conduct a hearing on the Resolution Trust Corporation asset disposition.

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

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. BRYAN. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs be authorized to meet on September 13, 1990, beginning at 8:30 a.m., in 366 Dirksen Senate Office Building, on S. 2870, the Fort Hall Indian Water Rights Act of 1990.

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

SUBCOMMITTEE ON INVESTIGATIONS

Mr. BRYAN. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, be authorized to meet during the session of the Senate on Thursday, September 13, 1990, to hold hearings on abuses in Federal student aid programs (part 2).

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

COMMITTEE ON THE JUDICIARY

Mr. BRYAN. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on September 13, 1990, at 10 a.m., to hold a hearing on the nomination of David H. Souter, to be Associate Justice of the Supreme Court of the United States.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. BRYAN. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, September 13, at 2 p.m. to hold a hearing on verification aspects of the Threshold Test Ban and Peaceful Nuclear Explosions Treaties with the U.S.S.R. together with verification protocols for each treaty; Ex. N, 94-2 and treaty Doc. 101-19.

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

SUBCOMMITTEE ON WATER AND POWER

Mr. BRYAN. Mr. President, I ask unanimous consent that the Subcommittee on Water and Power of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate 8:30 a.m., Thursday, September 13, 1990, for a joint hearing to receive testimony concerning S. 2870, the Fort Hall Indian Water Rights Act of 1990.

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

SUBCOMMITTEE ON MINERAL RESOURCES DEVELOPMENT AND PRODUCTION

Mr. BRYAN. Mr. President, I ask unanimous consent that the Subcommittee on Mineral Resources Development and Production of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate 2 p.m., Thursday, September 13, 1990, for a hearing to receive testimony concerning the royalty and free provisions of S. 1126, to provide for the disposition of hardrock minerals on Federal lands.

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

COMMITTEE ON ARMED SERVICES

Mr. BRYAN. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet in closed session on Thursday, September 13, 1990 at 3 p.m., to continue to receive testimony on the situation in the Persian Gulf region.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BRYAN. Mr. President, I ask unanimous consent that the full committee of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate 9:30 a.m., Thursday, September 13, 1990, for a hearing to receive testimony concerning the implications of the Middle Eastern crisis for near-term and mid-term oil supply.

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

SUBCOMMITTEE ON WATER RESOURCES, TRANSPORTATION, AND INFRASTRUCTURE

Mr. BRYAN. Mr. President, I ask unanimous consent that the Subcommittee on Water Resources, Transportation, and Infrastructure, Committee on Environment and Public Works, be authorized to meet during the session of the Senate on Thursday, September 13, beginning at 9:30 a.m., to conduct an oversight and reauthorization hearing on the Economic Development Administration and the Appalachian Regional Commission including consideration of H.R. 2015, to amend the Public Works and Economic Development Act and the Appalachian Regional Development Act.

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

ADDITIONAL STATEMENTS

KEYNOTE SPEECH OF RONALD G. SHAFER, PRIDE WORLD DRUG CONFERENCE

● Mr. ROBB. Mr. President, I would like to share with my colleagues a keynote address delivered by Ronald G. Shafer to 10,000 people at the PRIDE [Parent Resources and Information on Drug Education] World Drug Conference in Orlando, FL, earlier this year.

Ron is a writer and editor for the Wall Street Journal and a resident of my hometown, McLean, VA. His son, Ryan, died in a drug-related accident in 1988, at the age of 16. Ron wrote a heart-wrenching story about his son's addiction to drugs and alcohol that appeared on the front page of the Wall Street Journal. The story has since been recounted in many other periodicals, including a March feature story in People magazine.

Ron was hesitant to write the article, but he and his family decided to tell Ryan's story in an effort to prevent their tragedy from happening to other families. He has been delivering about one speech a week on the east coast and has received hundreds of responses from around the world, including many from teens saying that his article has helped them to say no to drugs and alcohol.

Ron and his family have also helped in the creation of a new movement against substance abuse at Ryan's former school. "Take a Stand" at McLean High School has gotten more than 800 students to sign a pledge not to use drugs or alcohol. Upon signing the pledge, the students become eligible to win scholarships and other prizes. But the prizes are not the true incentive; it is the knowledge that it is alright not to use drugs and alcohol. In its first year, the innovative "Take a Stand" program has received several awards and accolades at the local, national, and even international level.

Drugs do not just affect inner-city youth. The average age for first-time use among teen drug users is age 12, proving that drugs can strike any child. Ryan's story is a perfect example. Drugs are destroying many lives and the futures of our youth, and as Ron has stated, "Our young people hold the power to save their generation from the devastation of drugs. And I believe—with our help—they will do it."

Mr. President, I ask that Ron Shafer's speech be printed in the RECORD.

The speech follows:

KEYNOTE SPEECH OF RONALD G. SHAFER, PRIDE WORLD DRUG CONFERENCE, ORLANDO, FL, APRIL 26, 1990

It is an honor to join you at the PRIDE World Drug Conference here in Orlando. I come from Washington, D.C., a city where there are lots of big shots. But to me, you and all of the young people here are the most important people in the world. This is because you are the leaders in the struggle to rescue our society from this devastating plague that we call drugs.

What is at stake in this battle is nothing less than the futures and the very lives of our young people. I am here because of my son, Ryan, whose 19th birthday was last month.

I have told Ryan's story in the pages of The Wall Street Journal and, more recently, in People Magazine. I'd like to begin by reading from my Journal article of last summer:

"McLean, Virginia: In America's nightmare of drugs, the most tragic victims are our children.

"I know. In this quite, well-to-do-suburb of Washington, D.C., my teen-age son, Ryan, became trapped by drugs at about age 12—while he still was playing Little League baseball. With his sunny smile, big brown eyes and implish wit, he could make you laugh. A voracious collector of baseball cards, he would tell me he could name every batting champion back to the 1960s, 'you know, dad, the ancient days of baseball, when you were still young.'

"Now, his laughter is gone. Because of drugs, he is dead. And every day, my heart breaks a little more."

Drugs were something we never imagined would touch our family back in 1983, when Ryan was 12 and our daughter, Katie, was 10. My wife, Barbara, was constantly involved with both our children's school activities. I coached with most of Ryan's baseball teams, Ryan was growing into a young man who charmed everyone he met with his sense of humor; in the 7th grade, his classmates voted him "Joe Cool."

But he was too cool. Swayed by peer pressure, he began using drugs partly to impress older boys. There was, too, in our community—as in many—an evil force, an older man, in his twenties, who provided drugs to young children in his home.

Young people turn to drugs, too, to deal with pain. Though Ryan was popular, he had low self esteem. He thought the drugs would help. And at first, they made him feel good. He never thought he would become addicted. But when the drugs started hurting, he couldn't stop.

We knew nothing about Ryan's drug use and little about drugs. Eventually, there were signs we missed, or that we ignored because we were in denial. There suddenly were bottles of eye drops around the house. We now know that the eye drops were to hide the red eyes from smoking marijuana. Ryan's moods became changeable and volatile. He began getting calls from new friends who we didn't know and never met.

Finally, when Ryan was 14 and starting high school, we no longer could deny that something was terribly wrong. He began missing and failing classes. We had him tested for drugs, and he turned up positive for marijuana.

At first, we were relieved. After all, it was "only" marijuana. But Ryan was spending hours every single day smoking pot. We soon learned how damaging this so-called harmless drug really is. We discovered that today's marijuana is 10 to 25 times more powerful than the pot of the 1960s. Regular use can damage the health of maturing young people; Ryan suffered short-term memory loss. And if a youngster is using marijuana, he or she is probably using something else.

In Ryan's case—as is typical of young drug users—it was almost everything else. As Ryan's worsening behavior began to tear our family apart, we knew we needed professional help. Just before his 15th birthday, we put him in a six-week, residential treatment program. There we discovered that Ryan's drug use was beyond our worst fears. In addition to marijuana and alcohol, he had tried PCP, mushrooms, peyote, ecstacy and cocaine. But his drug of choice was LSD.

Ryan responded to the treatment. He loved the program, and the counselors were crazy about him. When the program was completed, he enthusiastically went to meetings of Alcoholics Anonymous and Narcotics Anonymous. We began thinking that Ryan had been sick and now he was cured. But drug addiction is a disease. There is no cure. There is recovery, but it is one day at a time.

We put Ryan in a small school and, though he had his ups and downs, by his 16th birthday he was doing great. His funny personality was back, his drug tests were clean and his grades were the best they had ever been. Then, suddenly, the old signs began reappearing. This time we recognized them and put him into an outpatient program. But this time, Ryan didn't respond. We found out that he was seeing the older drug-provider again. And when he turned up positive for marijuana and began talking for the first time of suicide, we put him into a program that also focused on psychological problems.

Once again, he seemed to thrive with treatment. He finally seemed on the road to recovery. When the program was completed, he was accepted at a special-education school in our county. As my wife and I drove home from parents' night at the school on the evening of October 1, 1987, we thought that at last our long nightmare was over. But it was just about to begin.

When we arrived home, Katie ran out to tell us that the police had called to say they had found Ryan's car abandoned. After the most terrible night of our lives, we were able to piece together what had happened:

Ryan had driven his car off a suburban street. It was only a minor accident and he hadn't been injured. But, in a bizarre reaction, he had raced from the car in a panic. He was struck slightly by another car and a passing motorist tried to stop him. But Ryan—suddenly with the strength of 10 men despite his small size and with a wild look in his eyes—broke away. He ran onto a busy freeway and went directly into traffic. He was hit and killed by a van that never stopped. He was 16 years old.

Officially, there was no mention of drugs. But later we confirmed what we had suspected. During that day, Ryan had purchased—and no doubt used—LSD, a drug whose symptoms include an irrational sense of panic. It is also a drug that doesn't show up in most tests. We knew from the first that—one way or another—drugs had stolen our little boy from us forever.

We had a beautiful memorial service that was attended by hundreds of people. Recently, I heard of one friend of Ryan who said she didn't go. Why? Because, she said, the drug use would be covered up. It always was.

But we had decided that we would not hide the involvement of drugs in Ryan's death. In Ryan's suburban treatment programs, we had seen scores of kids with drug problems. And they were good kids from caring families. We had heard of destroyed futures, accidents and teen suicides involving drugs—but drugs were never publicly mentioned. We believe we did everything we could to save Ryan. And we felt we had an obligation to warn other parents not to believe the stereotypes about who uses drugs and where drugs are.

Based on what you read and see in the media, you would think that all drug users are in the inner cities. This is false and dangerously misleading. For one thing, it is a disservice to the majority of inner city youths who don't use drugs. Indeed, they and their families are true heroes who courageously resist drug involvement despite being surrounded by drugs and violence every day. They deserve more help than we are giving them.

The other problem is that the focus on poor people—however well intended—leads people outside the inner city to think, 'well, the drug situation is terrible, but it doesn't affect me.' That view defies logic. Are we really supposed to believe that a drug market estimated at $100 billion a year is being supported by poor people?

What I was trying to say is that drugs can strike a child no matter who they are or where they live. And the life of every child is precious, no matter whether he or she lives in the city, the suburbs or a small town.

Now, it is one thing to speak out locally and another to do it in the nation's largest newspaper and in People magazine. When I wrote my Wall Street Journal article about my son last summer, I wasn't sure if it was the right thing to do.

But the hundreds of responses literally from around the world have convinced me that it was. These continuing responses also have convinced me that it was. These continuing responses also have convinced me that the public is ready to follow your leadership in the battle against drugs.

Many parents said I had told their story. And we need to remember that drugs destroy young lives in many ways. They destroy the futures of promising young people who will never reach their once-bright potentials. And drug-abuse can be a crippling disease. One New Jersey father wrote me: "My only son was also once full of laughter, and then at the age of fourteen he got hooked on LSD and Angel Dust. Unlike Ryan Shafer, he is not dead physically. However, he resides off and on, in a mental institution, never to laugh again. And every day, my heart breaks a little more."

Among the most moving letters have been those from young people who said they were about to use drugs and stopped when they read Ryan's story. How can you not be moved when a recovering young addict writes and says: "Today I came very close to losing my sobriety. And when I read your article, man, did it help."

But most heartening of all have been the responses of young people who, in some small way, may have been influenced never to try drugs in the first place. One 14-year-old boy from Chicago—his name is Luke—wrote in an essay at school.

"After reading this article, I could believe that an average child like Ryan Shafer could be killed by drugs. I couldn't stop thinking how tragic this acutally was. It made me think that this could actually happen to my family or my friend's family.

"Most importantly, I learned how evil drugs were. I admit that I wasn't totally convinced until I read this article. So far drugs have damaged our country pretty badly. We must put a stop to this and take action now. For the sake of Ryan Shafer and the sake of this country's future, we must act fast before it's too late."

My family has come to believe that the only way we can ever win this so-called War on Drugs is through prevention—by drying up the demand for drugs. And it is in the young people of our country that we have found new strength—and in groups such as the hundreds that are represented here today.

My wife and daughter are active in one of those groups: Youth to Youth. Katie is one of those Youth to Youth members who performs in the skits that take the anti-drug message into elementary schools. This is so important because, as you know, the average age of first use among teen drug users is 12 years old, or even younger.

Many more groups are making vital contributions in spreading the message against drug use. We have thrilled to the talented and inspiring singers and dancers of the PRIDE Team of Winchester, Virginia.

My family has been part of the creation of a new movement against substance abuse at Ryan's former school. This school year, students at McLean High School in Virginia began a program called Take a Stand. More than 800 of them signed a pledge not to use drugs and alcohol—and we need to remember that alcohol, including beer, is the No. 1 drug of abuse among teens.

Students who take the pledge became eligible to win scholarships and other prizes. But we have found that this isn't the main incentive. As one young lady said, the appeal is the knowledge that she can look around and see that she isn't some sort of lonely nerd for not wanting to use drugs and alcohol.

It is positive peer pressure at work. It is changing attitudes by showing students they can have fun without drugs and alcohol. Take a Stand sponsored a drug-free New Year's party right at the high school. And it joined with eight other Northern Virginia high schools to sponsor a drug-free party called The American Dance Stand. Profits went to help the boarder babies abandoned by drug-using mothers at the Howard University Hospital in Washington, D.C., and to the Endowment for Community Leadership, a group that helps support positive role models in the inner city.

I like to think that Ryan is contributing to these efforts Indeed, after my Journal story ran last summer, President Bush mentioned it in an inciteful message to more than 30,000 boy scouts. He said: "Ask youself if you know someone like Ryan Shafter. And if so, have you done everything you can to help him or her?"

I know the answer in this group is a resounding yes. I also know that sometimes it can be a little discouraging. You wonder if the message is getting through, is anybody listening? I try to keep in mind a goal that is embodied in the name of a group in my area for at-risk young people. It is called Each One, Reach One. As the name suggests, it means that if you can reach just one person and save one future, then you have given the greatest gift of all: the gift of life.

I know you and the young people here will save many futures and many lives. I wasn't so hopeful a year ago. As I looked around my suburban community, on the issue of drugs I saw apathy, ignorance and denial. I was reminded of the old cartoon character, Pogo, whose most famous line was: "We have met the enemy, and it is us."

In the battle against drugs, I have met the hope of the future. And it is you. It is every young person at this conference. It is young people all over this country—and, indeed, around the world who have decided that they are tired of losing their friends to drugs and alcohol.

I believe our young people hold the power to save their generation from the devastation of drugs. And I believe—with our help—they will do it.●

PATRIOTIC KENTUCKIAN PAMELA MARRELLI HONORS VETERANS WITH "FREEDOM'S WREATH"

● Mr. McCONNELL. Mr. President, I would like to take a moment to draw my colleagues' attention to the patriotism of one of Kentucky's own, Ms. Pamela Marrelli. Ms. Marrelli expresses her support of America and those who have served our country in the Armed Forces through the construction of "Freedom's Wreath." Each part of the wreath has a special meaning, from the golden bows symbolizing the 13 colonies to the U.S. flags representing our Nation's long history of freedom.

According to an article in Inside the Turret, Ms. Marrelli has presented these wreaths to the Commander of Fort Knox and a number of veteran organizations. Mr. President, I think all should take notice of her comments of freedom: "As long as there is 'We the People,' who believe in our flag and 'One Nation Under God,' our freedom will never end."

In order that my colleagues may fully appreciate Ms. Marrelli's efforts, I ask that the complete article on "Freedom's Wreath" appear in the RECORD.

The article follows:

[From Inside the Turret, July 26, 1990]

CIVILIAN HONORS VETS WITH "FREEDOM WREATH"

(By Staff Sgt. Kevin Robinson)

Pamela Marrelli places a high value on patriotism.

To help show it, she created a red, white, and blue wreath that sports two small U.S. flags. She named it Freedom's Wreath. To help share it, she personally took one of her eight patriotic wreaths to Quarters No. 1 and presented it to Maj. Gen. Thomas C. Foley, the Fort Knox commander, and his wife Sandy.

"I just went up to the commanding general's house, knocked on the door, and gave the wreath to his wife," said the 35-year-old Marrelli, an Army civilian who has worked on Fort Knox for 16 years, 11 with DOL Transportation as a freight rate specialist. "I can't believe I had the guts to do that. I said, 'I just want to give Fort Knox something. This is to say thank-you for my freedom,' She was overwhelmed."

The Foleys thought so much of the wreath that it was displayed on the podium where Maj. Gen. Foley spoke from during the Fort Knox July 4th ceremonies.

Other patriotic wreaths were sent to the Veterans of Foreign Wars (VFW) in Vine Grove and to the American Legion in Elizabethtown. Truckers coming in and out of the post DOL Transportation freight section also see a wreath displayed inside the front entrance. And of course, she has the original wreath hanging on her own front door in Vine Grove.

Marrelli said she made the Freedom wreaths to honor the military veterans who have fought and sacrificed their lives for America. Her father served in the Army during WW II, and her uncle fought in the Korean Conflict.

"If it wasn't for the veterans who fought and died, we wouldn't be free. Veterns do so much for the community. I want to give it to all the Kentucky veterans, but it really belongs to all Americans.

"I don't fly the flag at my home, because being a single parent of two kids, I'm not always there to properly put the flag up or take it down. The flag should always be treated with respect and dignity," she added.

"I came up with making a wreath to put on my door so that I can display it all the time."

Each wreath takes about four hours to make, Marrelli said. Every portion of Freedom's Wreath has a special meaning.

A golden bow has 11 loops and two streamers which represent the 13 original colonies. The two U.S. flags symbolize that Americans are still free despite wars and conflicts. The red, white, and blue represent the American colors, and the gold trimming stands for the nation's prosperity through "We the People."

"The circle itself never ends," Marrelli said. "As long as there is 'We the People,' who believe in our flag and 'One Nation Under God,' our freedom will never end. It was realy an emotional experience making this wreath."

Marrelli's supervisor, Sue Saelen said that the wreath receives nothing but praise from people who see it, especially the 30 or so truckers who come through the freight section everyday.

"I think it's a shame that everybody can't be that patriotic and love their country the way she does." Saelen said. "I love that wreath."

Marrelli is uncertain about how many more of the wreaths she'll make, but there is one special wreath she would make and deliver in an instant.

"I'd like the honor of actually giving a Freedom's Wreath to the President of the United States," she said. "Wouldn't that be something?"●

DADE COUNTY PUBLIC SCHOOLS GIVE SPECIAL AWARD TO AARP

● Mr. GRAHAM. Mr. President, the value and worth of the Senior Community Service Employment Program [SCSEP]—title V of the Older Americans Act—has been demonstrated repeatedly over the years.

Title V has helped numerous low-income elderly persons become self-sufficient, while providing diversified and vital services to local communities.

The American Association of Retired Persons [AARP] has been one of the leading sponsors of senior community service employment projects throughout our Nation, especially in my home State of Florida. Currently, AARP operates SCSEP's in 33 States and Puerto Rico.

AARP's SCSEP's have won commendations throughout our Nation, particularly in the areas of unsubsidized placements and valuable services provided to the communities.

Recently, the department of community participation within the Dade County public schools gave special recognition to the AARP SCSEP outstanding contributions in providing a wide range of services to assist the school system. Title V participants provided bookkeeping services, performed clerical tasks, and discharged many other day-to-day duties to enable the school system to serve Dade County more effectively.

Mr. President, I commend AARP's SCSEP for its exceptional work in Dade County, and wish the title V participants well in the future.●

COSPONSORSHIP OF S. 2797, THE EMPLOYER SANCTIONS REPEAL ACT

● Mr. DOMENICI. Mr. President, I rise to cosponsor S. 2797, the Employer Sanctions Repeal Act. This bill would repeal the employer sanctions provisions of the 1986 Immigration Act.

Four years ago the Congress enacted the Immigration Control and Reform Act. A major component of the act was the institution of penalties for individuals who hire illegal aliens. These penalties, called "employer sanctions," made it a crime for any person knowingly to hire an alien not authorized to work in the United States.

The act imposed burdensome requirement on employers. Employers must require all new hires to provide documents demonstrating that they may legally work in the United States. Employers must scrutinize these documents and determine whether they are one of the 17 types of approved verification documents. They also must keep detailed records on the documents supplied by their employees.

The act punishes employers who fail to meet these requirements with fines of up to $10,000 per illegal worker and jail sentences of up to 6 months.

Mr. President, I did not support the Immigration Reform and Control Act of 1986. One of my main reasons for opposing the act was the employer sanctions provisions, as I was concerned that the employer sanctions provisions would lead to increased discrimination against Hispanics.

I also thought that it was improper for the Federal Government to place employers in a position where they had to enforce the immigration laws of the country.

In addition, I believed that the act would have a devastating effect on the agricultural interests in this country because it failed to assure an adequate supply of workers at harvest time.

Finally, it was clear that the act would not halt the flow of illegal immigration to the United States because it did not address the cause of illegal immigration: the lack of adequate jobs in the developing countries of the world.

I am not in the habit of saying "I told you so," but events since the bill became law have demonstrated the validity of my concerns.

A recently completed report by the General Accounting Office found that the employer sanction provisions of the Immigration Reform and Control Act of 1986 have led to a widespread and serious pattern of discrimination against Hispanics and other minorities.

The GAO found that, as a result of the act, 19 percent of employers began to discriminate against job applicants on the basis of their national origin or citizenship.

The GAO found that Hispanics have been particularly signled out for discrimination because of the act. In a test where two individuals, one a non-foreign-appearing Anglo and the other a foreign-appearing, foreign-sounding Hispanic, were sent to apply for the same job, GAO found that the Hispanic individual was 3 times more likely to encounter discrimination. The GAO believes this higher level of discrimination resulted, at least in part, from the 1986 Immigration Act.

Because of this discrimination, untold thousands of Americans of Hispanic heritage have been denied that most basic of civil rights—the right to earn a living.

In addition, the act has been unduly burdensome on American business. It is estimated that the cost to American business of complying with the 1986 Immigration Act is as much as $675 million. Much of this burden falls on small businesses.

The future of some agricultural interests are threatened by the act because the seasonal agricultural worker provisions inserted in the law to compensate for the employer sanctions fail to work for them.

For instance, despite an organized recruitment program, the chile industry in New Mexico was unable to employ an adequate number of workers to harvest the chile crop last year. Approximately half the chile growers in New Mexico suffered losses last year because of the labor shortage. The total value of these losses is estimated to be $2.4 million. Losses are expected to be even greater this year.

The act has not even accomplished its main purpose of halting the flow of illegal aliens across our borders. Even if the employer sanctions had halted illegal immigration into the United States, the cost in terms of increased discrimination against American citizens and legal residents would still have been unacceptable.

Frankly, Mr. President, the employer sanctions provisions of the Immigration Reform and Control Act of 1986 have been a failure. They have led to increased discrimination against Americans of Hispanic descent and other minorities and have imposed an incredible burden on American business, particularly agricultural enterprises.

The Congress ought to own up to the fact that the employer sanctions provisions were a mistake and repeal them.

The bill that I am cosponsoring would do just that. This effort is long overdue and I hope that Congress will act expeditiously to remove this unfair law from the books.●

LITERATE AT LAST

● Mr. SIMON. Mr. President, recently, the Atlantic Monthly magazine had an article titled "Literate at Last" about Mississippi.

It is a great tribute to Gov. Ray Mabus of Mississippi and to his predecessor, Gov. William Winter. It is also a call to a need that exists in all of our States, even though, in statistical terms, Mississippi may be a little worse than the other States.

It also suggests that we have to make a much higher priority out of education in this Nation generally.

Also, it suggests that simplistic answers, like getting enough volunteers will suddenly eliminate the illiteracy problem, are simply not realistic.

Volunteers who perform the valuable service of tutoring need to be encouraged, and we can do much better than we are with volunteers. But the article points out the fact that, "The highest illiteracy rates often occur where the fewest volunteers are available."

The final words of the article are from former Gov. William Winter:

> We cannot just isolate sections of the country like the Mississippi Delta and leave them to their own devices. We don't live in separate enclaves. Unless we have a national commitment to sustain an adequate standard of education, health care, and child welfare, the level of performance of the country as a whole ultimately suffers.

I urge my colleagues to read the article written by Jonathan Maslow. I ask to insert the article into the RECORD at this point.

The article follows:

[From the Atlantic Monthly, August 1990]

LITERATE AT LAST

In the little brick town hall in Bolton, Mississippi, a dignified elderly black man in wire-rim spectacles, denim overalls, and

bright-red basketball sneakers sat curled in concentration over a booklet of fifth-grade math problems. While the sunset reddened the horizon and the town's ancient cotton gin clattered through the twilight, Bryant Mack, Jr., age sixty-two, was finally learning to read and write and do arithmetic.

"See, my daddy didn't have no learning," he said shyly. "He didn't think it was important. I was one of the twelve children. We all had to work in the cotton fields. Only time we went to school was when it rained. There were no real schools for black kids back then, anyway. Truth is, I didn't have a childhood. I know I'm not alone in that."

Not by a long shot. By now the figures are familiar; there are said to be 20 million to 40 million adults nationwide who cannot read and write and add well enough to perform ordinary tasks like passing a driver's-license test, reading a warning label on a medicine bottle, and—Bryant Mack's goal—balancing a checkbook. What is not so well known is that a disproportionate number of America's functional illiterates, black and white, live in the South, where their economic situation is deteriorating rapidly. In Alabama, Florida, Georgia, Mississippi, and the Carolinas the average earnings of male high school dropouts aged twenty to thirty-four plummeted 35.5 percent from 1973 to 1985.

Cotton hasn't been king for several generations, and the days when southern states could attract sweatshop industries with cheap wages, strong backs, and low taxes are over. Employment in the textile and apparel-manufacturing industries has dropped because of automation and competition from low-wage labor in Third World countries. The road to economic growth nowadays is paved with a high level of reading comprehension and sophisticated technical skills.

In the era of the information economy and flexible production, the old Dixie politics of exclusion—keeping blacks uneducated and poor whites ignorant—seem as irrelevant as Stalinist dogma must now seem in the Soviet Union. Mississippi's young governor, Ray Mabus, a Democrat who is believed to have been elected with 90 percent of Mississippi's black vote, has arrived at a difficult crossroads, where the utilitarian needs of industry for skilled labor intersect the legacy of segregation: illiteracy, poverty, and despair. How well Mabus and other politicians negotiate that intersection could determine whether the Democratic Party has a chance of winning back the once solidly Democratic South—or whether the Republicans can win the black votes they seek by recognizing a human issue that has a relatively small price tag and big potential in terms of its economic multiplier effect.

Mississippi under the Mabus administration has launched the most ambitious initiative in the nation to combat adult illiteracy. Having come through in 1988 on his campaign promise to give teachers their biggest pay raise in the state's history, Governor Mabus and his wife, Julie, a former high school math teacher who tirelessly preaches the new gospel of education for economic development, have vowed that nine out of ten Mississippians will be functionally literate by the year 2000, a monumental task that amounts to a holy war on illiteracy. Mabus has staked his political future on a comprehensive education-reform program, including a proposed $13.5 million worth of new state funds to be earmarked for adult-literacy programs over the next three years.

When education fervor swept the United States after Russia's launching of Sputnik, the deep South was preoccupied with school desegregation and the civil-rights movement. The Mississippi legislature repealed legislation that made schooling compulsory, and encouraged white flight from the public schools by allowing the schools to deteriorate. By 1982, when Governor William Winter finally got an education-reform law through the Mississippi legislature, on his third try (the law made school attendance mandatory to age sixteen and established kindergartens statewide for the first time), the Mississippi school system was a wreck. Each year approximately 6,000 children didn't even start school. The state's high school students had among the lowest achievement-test scores and among the highest dropout rates in the country. But it wasn't only support for integrated education that was lacking. "The ideal of universal education was itself absent in Mississippi," Winter, now a lawyer in Jackson, the state capital, told me recently.

The anti-intellectualism of the rural South often attached more importance to football and cheerleading than to learning to read local authors like Eudora Welty and William Faulkner. Some fathers quit their jobs, and sons left school, on the first day of hunting season; a vestigial frontier mentality held that "too much book larnin' ruins your shootin' eye." And it is often said in Bible Belt churches that "Satan can quote Scripture"—even if the deacons can't. In Mississippi 714,000 adults—46 percent of the state's adult population—lack high school diplomas. Roughly 400,000 adult Mississippians have less than nine years of schooling, a level that is often used as a definition of functional illiteracy.

Certainly this definition makes for a conservative estimate of illiteracy, given that Mississippi high schools share the national tendency to graduate anyone who occupies a desk long enough. "I went through twelve years of school and two years of community college without ever learning to read, and passed with flying colors," Treaise Williams, a twenty-five-year-old woman in Jackson, told me. "I found out early that if I was always the teacher's pet, they wouldn't fail me. I always listened real good to what the teachers said. When you can't read, you figure out all kinds of ways round your handicap. A lot of times illiterates are intelligent, but they been made to feel dumb."

Williams was spunky enough to find her way to a program in "life coping skills," where she works one night a week developing the reading skills she will need to pass a cosmetology licensing exam, her hope for economic improvement. But such success stories are rare. For the vast majority of miseducated adults, made to "feel dumb" all their lives and to hide their shameful "handicap," adult-literacy programs up till now have also been failures.

In the South such programs reach only about one in thirty of the undereducated population. A recent study by the Sunbelt Institute, a think tank convened by southern congressmen and governors, concluded that the federal Adult Education Act of 1966, which makes block grants for state literacy endeavors, "has never been funded at a level sufficient to provide much more than a token response to the nation's literacy needs." New federal literacy legislation, introduced by Senator Paul Simon, of Illinois, and Representative Thomas Sawyer, of Ohio, has thus far failed to win support from the Bush Administration.

Once federal funding trickles through state bureaucracies to the local level, it usually disappears into programs that have never been made to develop standards or evaluate results. Few programs, for example, take account of what motivates illiterate adults to enroll in the first place, although countries like Brazil and Nicaragua have been most successful in cutting their illiteracy rates by relying on the educator Paulo Freire's method of teaching reading with that the nonreaders actually want to be able to understand—such as a tractor manual for a farmer. Even fewer American literacy programs address the shame, sense of failure, and everyday problems that most poor nonreaders must overcome before obtaining help. Elloris Cooper, the supervisor of adult reading programs for Mississippi's Hinds Community College, says, "There's a whole consellation of things poor people face that make potential adult learners hard to reach, hard to recruit, and even harder to keep in programs, beginning with transportation to classes and child care for young mothers."

Nationwide more than half the adults who enter literacy-training programs simply abandon the effort after a few sessions of instruction, without having improved their reading skills. In Mississippi only 10 percent of adults stay with literacy classes long enough to complete two workbooks of the standard Laubach method of reading. This brings them, at best, to a fourth-grade reading level after a hundred hours of classes, at a typical cost of $3,500 per student.

In rural areas the difficulty of reaching and keeping students is compounded by the problem of finding competent tutors. The much-publicized effort of Barbara Bush to enlist volunteer literacy teachers ignores the facts that the highest illiteracy rates often occur where the fewest volunteers are available, and that little national effort has been made either to mobilize young people in a literacy corps or to professionalize the teaching of adults to read. "In one community we service, only six percent of the population have graduated from high school," says Betty Jo Dulaney, the literacy coordinator in Tunica county. The county is Mississippi's poorest; more than half the population there lives below the poverty line. "There's no industry here, so anyone with job skills or gumption takes the first bus out. Now, where am I supposed to find reading tutors?"

Nonreaders are ineligible to enter most job-training programs. For many, then, succeeding in an adult-literacy class is the last chance to lead a productive life. Isiah Charleston is an electric-utility technician who has been active in literacy and community-development projects for the past fifteen years in the backwoods of Warren County, outside Vicksburg. Ride the dirt roads with him and you descend into a social maelstrom, where teenage pregnancies, incest, and alcoholism are common, and apathy has become a way of life. Charleston fights back tears when he assesses the lost generation of rural black youth which has followed formal desegregation. "After having dropped out of school in the eighth or ninth grade, our young people get into a pattern of quitting," he told me. "They quit school, they quit jobs, they quit literacy programs—finally they just quit trying to improve themselves altogether. They lack what my teachers used to call stick-to-itiveness. Only way Mississippi's going to get up off the bottom is if we give these kids something to stay in school for, something to work toward in their lives."

Mississippi's literacy initiative focuses on the concept of context. "First we are looking at the whole system of literacy programs and making fundamental structural changes," Julie Mabus told me in an interview at the governor's mansion. "The old way of teaching adults to read—in a vacuum, without taking into account their own immediate hopes and aims—is just no good."

To direct the program overhaul, the Mabus administration created a new Office for Literacy and chose a nationally recognized literacy expert, Karl Haigler, the head of the Adult Literacy Initiative at the U.S. Department of Education, to run it. Haigler had worked under William Bennett to cowrite the federal manual on designing effective work-force literacy programs whose curricula are based on specific job contexts and the real-life needs of workers. Haigler's arrival in Mississippi, in 1988, presaged a wholesale redirection of the state's effort. The state intends to concentrate on parents and adults needing job-related basic-skills training. It also intends to enlist the business community as the political backbone of a long-term, high-profile literacy campaign.

"We're getting rid of the 'grade-level' thinking that says a person is literate when he or she obtains a high-school-equivalency diploma," Haigler told me. "Literacy is better defined as a continuum of skills, ranging from simple decording of written matter to high levels of critical thinking and problem-solving. Programs need to be redesigned to meet a whole array of actual social needs, from the assembly-line worker who needs to read charts and manuals to the person whose greatest desire is to read her Bible."

Thus an innovative mobile unit, mounted on a tractor trailer donated by the Frito-Lay Company and outfitted with computers and educational soft-ware under various grants, was dispatched to Iuka, in the northeast corner of the state. The town had an unemployment rate of 23 percent. Construction started this spring on a NASA plant in Iuka that will manufacturer rockets for the space shuttle. The idea is to provide on-site, job-specific, walk-in reading help to those applying for the 1,800 construction jobs. The state plans to have additional mobile units available for short-term spot literacy missions in a few years. Also, the Office for Literacy has been instrumental in making available to businesses and communities "literacy audits," to assess their particular reading needs, and suggesting local resources available to meet them, such as a nearby community college or military base.

In order for literacy programs to qualify for a portion of the $2 million in federal funds that Governor Mabus set aside last year for adult literacy training, they must develop an individual education plan for every learner. The plans—an innovation in literacy work borrowed from the special-education field—are designed by students together with their tutors, and are meant to ensure a high level of student commitment by tailoring the curriculum to the student's goals. Now, for example, the teenage mother who hopes to break a generational cycle of ignorance by learning to read stories to her child won't find herself in a literacy class struggling through a ninth-grade social-studies textbook.

Such reforms make the state's literacy programs more effective and accountable, Haigler argues, without bureaucratization. "We're looking for diversity and local initiative to drive this campaign forward," he told me. "We're not going to have the bureaucrats come in and dictate literacy policy."

Another area in which Mississippi is breaking ground is in the use of computer technology to teach reading. After an initial flurry of interest from soft-ware developers when the national literacy crisis hit the headlines, the industry turned hesitant in the face of a flat, small, and penniless market for literacy programming. Nevertheless, Julie Mabus looked at the small pool of volunteer tutors available in Mississippi and decided that one-on-one volunteer tutoring alone would not solve the problem.

The emphasis on technology has helped rally the Mississippi business community behind the Mabus initiative, and a variety of high-tech literacy-training programs have been launched. In a joint venture with Peavey Electronics, one of the state's largest manufacturers, Mississippi became one of the first states to use a civilian version of the Army's computer-based Job Skills Education Program, used to train military recruits.

Although the emphasis on high technology has drawn attention from foundations and industry, and brought new outside funding to Mississippi, it has some literary activists worried. Liberals are worried that narrowly focused, business-oriented reading instruction will fail to achieve literary's primary civic mission of preparing underprivileged citizens to participate in the democratic process. Other critics simply think that the pressure to be technologically innovative is warping priorities. "You can't bring down the thunder every time you write a funding proposal," says Ronnie Blackwell, who heads the Hattiesburg Education Literacy Project. "We don't need fantastic new software, we need okay software that illiterates can actually use. With all the talk about literacy technology and the funding for it, the grass-roots programs where people actually learn to read are really suffering. Our staff—the people who do the one-on-one teaching—haven't been paid in six weeks. We need long-term funding or we're all going to sink."

In the event, Mississippi's illiteracy problem is likely to get worse in the short run. And literacy trainers admit that even with all the effort and funding the state is marshaling for its initiative they are barely scratching the surface of the problem. Children, they point out, are quitting school every day. If the state is to make progress against illiteracy, it must stem the tide of school dropouts and teenage pregnancies. Thirty percent of the babies born in the Delta are born to teenage mothers.

Perhaps the most significant initiative is Governor Mabus's attempt to prevent teenagers from dropping out. Mabus has proposed to cut the school-dropout rate in half by providing schools with funds to identify youths at risk of dropping out and to design alternative programs that will keep them in school. The governor has also called for a new "family literacy" program, modeled on the award-winning Kenan Family Literacy Project, in Kentucky, and others. In these programs young welfare mothers can obtain reading help together with their preschool offspring. Mississippi's new programs, however, are to be paid for by Governor Mabus's education-reform package, which has been threatened in the legislature for reasons related to funding, as the "read my lips, no new taxes" mentality takes hold at the state level.

The literacy initiative is bringing Mississippi unaccustomed positive national prominence. The program reforms and technological innovations will be studied as models and inspiration elsewhere. Yet the odds may be against the Mabuses in their war on illiteracy. Their commitment may not be sufficient to make up for years of purposeful educational neglect, and few states, let alone the poorest in the nation, have the resources to reverse the trends of illiteracy and underdevelopment. "There is a national interest involved here," William Winter, the former governor, told me. "We cannot just isolate sections of the country like the Mississippi Delta and leave them to their own devices. We don't live in separate enclaves. Unless we have a national commitment to sustain an adequate standard of education, health care, and child welfare, the level of performance of the country as a whole ultimately suffers."—Jonathan Maslow.●

S. 648, THE MARKET REFORM ACT

● Mr. GARN. Mr. President, our Nation's capital markets have long been considered the most stable, fair and efficient markets in the world. They have provided a haven for investor's savings and a mechanism for American business to raise vital growth capital. They are a credit to the workings of the free enterprise system. In fact, I would note that the Securities and Exchange Commission has recently established an emerging markets task force to assist the newly democraticized countries of Eastern Europe in their efforts to create securities markets modeled on our own as they strive to implement free market economies.

However, events in the marketplace during the past 3 years, particularly the October 1987 and 1989 market crashes, have led some doomsayers to suggest that our markets are seriously, if not fatally, flawed and that we must fundamentally alter the way our markets operate. I reject this notion. I believe our markets continue to be stable and sound. As I stated after the October 1987 crash, and on numerous occasions since then, sweeping reform of the basic structure of our markets is unnecessary and may in fact be counterproductive. In fact the October 1987 crash unequivocally demonstrated the amazing resiliency of our capital markets. They not only survived that turbulent period but until the recent crisis in the gulf had reached new highs.

This is not to say, however, that there are no steps we can take to improve the efficient functioning of our capital markets, especially in an environment of rapid change. In particular, I believe it is crucial that we ensure that our financial regulators have the capability to carry out their statutory mandate of providing for a safe and stable financial system.

As ranking member of the committee with jurisdiction over these issues, I am particularly pleased that the Senate was able to pass an important piece of legislation just prior to the

August recess, the Market Reform Act, which will assist in accomplishing these goals. It provides the Securities and Exchange Commission with the tools necessary to enable it to better monitor the operation of our securities markets during periods of extraordinary volatility.

This legislation was originally reported out of the Banking Committee last fall and has the strong support of the committee, the administration, and the securities industry generally.

Many Members of this body have long been paying lipservice to the need to enact legislation to help restore stability to the markets and instill investor confidence in their operation. Now, we have had the opportunity to put those words into action. I would note that the House has recently passed similar legislation so I hope that we will proceed to enacting these market reform measures before the end of the 101st Congress.

The legislation has five substantive sections which would: (1) Clarify the SEC's authority to take emergency action during periods of market crises; (2) enable the SEC to monitor the activity of large traders in the securities markets; (3) enable the SEC to assess the financial integrity of broker-dealers and major market participants; (4) facilitate the strengthening of the system for clearance and settlement of securities, options and futures; and (5) provide for greater interagency and intermarket coordination on an on-going basis. I expect that the SEC will utilize these newly authorized powers judiciously and in keeping with their traditional mandate of protecting investors, while at the same time enhancing the efficient and effective operation of the markets.

These changes will not result in a market free from risk, nor ensure that there will never again be a sharp decline in market prices. We cannot, and should not, legislate against market declines. We should, however, strive to ensure that market movements are not driven by manipulative activity, and that during periods of market volatility, our regulators have the basic information necessary to act in a prudent and responsible manner. The Market Reform Act will help us to meet these goals and restore investor confidence in the marketplace.●

LITTLE ARLINGTON, ELKINS, WV

● Mr. ROCKEFELLER. Mr. President, as a member of the Senate Committee on Veterans' Affairs, I am always grateful when our veterans are remembered with honor and respect. It especially pleases me when people work together at the community level to honor our veterans. I am proud to say that this is common in West Virginia.

Little Arlington, a veterans' cemetery near Elkins, WV, is the result of a community dedicated to honoring their veterans—a community that realizes the importance of making sure veterans' needs are met.

In 1935, Elkins florist H.L. Johnson donated 22 acres of land to establish Little Arlington after his employee, World War I veteran Charles Perkey, died. At that time there was no veterans' cemetery near Elkins. Members of American Legion Post 29 of Elkins agreed to establish and maintain the donated 22 acres. Hollis Cooper, once a post commander and member of the post's Board of Directors, helped set up a $50,000 trust fund to pay for cemetery maintenance. Thus, the Nation's first privately owned veterans' cemetery was established. Charles Perkey became the first veteran to be buried in Little Arlington.

Today, Little Arlington prospers with a groundskeeper overseeing the 600 graves. The picturesque hillside cemetery is reserved for veterans and their immediate families, and is said to be one of the most well-kept and attractive cemeteries in the area. Little Arlington not only acts as a resting place for those who so nobly served our country, it also holds important historic significance as it is the only cemetery of its sort in the United States.

Many people deserve thanks for making this veterans' cemetery possible. H.L. Johnson provided an incredible service by donating the land, and Hollis Cooper's grant also helped greatly. The Elkins legionnaires also deserve recognition for their help and support, and I thank the many others who have contributed to making the cemetery a success.

West Virginians have good reason to be active in remembering veterans. West Virginia is home to 213,600 veterans, more than 60,000 whom are 65 or older. Of these veterans, 4,000 are Purple Heart recipients, 800 are exprisoners of war, and 100 are Pearl Harbor survivors. Unfortunately, financial cutbacks have made keeping West Virginia's veterans' centers and hospitals open a struggle. It is imperative that they remain open. In these times of economic strife, it is difficult to adequately finance veterans' hospitals and centers, but we must fight to keep them alive. Our veterans have fought for us. Now it is our turn to fight for them.

Having been to Little Arlington myself, I truly admire the community dedication that has made this cemetery a beautiful burial place, and I believe that it can be an inspiration to us all. The fine people at Little Arlington help to teach us to respect and honor our veterans' hospitals and veterans' centers so that those who have served our country in war may receive the best possible care.

Little Arlington Cemetery will always be a great source of pride to West Virginia and her people.●

LIBERAL INTERNATIONALISM

● Mr. SIMON. Mr. President, Richard Gardner is a professor of law and international organization at Columbia University and was our Ambassador to Italy some years ago.

He has been a scholar who has stimulated thinking on a variety of issues.

What he has suggested in a recent article in the Washington Quarterly is that greater cooperation between nations is now possible, as it has not been for a long time.

No one can question that basic thesis.

I might have refrained from the use of the word "liberal" in this particular article but for the way he has defined it here. The article has much to say to all of us today in the world that is dramatically changing.

I urge my colleagues to read the article, and I ask to place it in the RECORD at this point.

The article follows:

[From the Washington Quarterly, Summer 1990]

THE COMEBACK OF LIBERAL INTERNATIONALISM

(By Richard N. Gardner)

The collapse of the Soviet empire in Eastern Europe and the dramatic changes now underway in the Soviet Union have opened up yet another debate on the basic philosophy that should guide U.S. foreign policy. For some, the answer will be a new isolationism—a "come home America" to focus on neglected economic and social problems. For others, it will be a new nationalism, a unilateral global exercise of U.S. power now that the Soviet Union seems too weak and self-preoccupied to stand in the way of the United States. The thesis of this essay, however, is that the extraordinary events of the last year should encourage Americans to return to the foreign policy philosophy that guided this country from the onset of World War II to the tragic involvement in Vietnam. It is the only foreign policy philosophy that will enable the United States to cope with the challenges and opportunities in the new era in which it suddenly finds itself. That philosophy is best described by a phrase that is now unfashionable and even repugnant in some quarters, but let us give it its proper name: liberal internationalism.

One should begin by defining the "L word." Liberal internationalism is the intellectual and political tradition that believes in the necessity of leadership by liberal democracies in the construction of a peaceful world order through multilateral cooperation and effective international organizations. In the period during and immediately after World War II, this meant first and foremost U.S. leadership. It still does, although now with a much greater sharing of costs and decision making with new power centers in Europe, Asia, and the developing world.

The historic point of reference for someone like myself is the era of Presidents Franklin D. Roosevelt and Harry S.

Truman, when my generation came of age politically, and when this country led in the creation of a network of international organizations to promote collective security, economic welfare, and human rights. These organizations include, to mention only the most important, the United Nations (UN), the North Atlantic Treaty Organization (NATO), the Organization of American States (OAS), the World Bank, the International Monetary Fund (IMF), and the General Agreement on Tariffs and Trade (GATT). These organizations will be even more important in the future than they were in the past and will need to be supplemented by at least one new organization—a pan-European institution built on the foundations of the Conference on Security and Cooperation in Europe (CSCE) that monitors progress under the Helsinki accords.

To someone of a centrist foreign policy persuation, such as this writer, liberal internationalism always has been based on realism as well as idealism, on balance of power politics as well as world order politics. President Roosevelt had first to lead the United Nations to victory in the war against the Axis powers before he could found a global peace organization of the same name. President Truman found it necessary to create a NATO to contain Communist aggression even as he launched the Marshall Plan and the Point Four Program.

THE L WORD MYTH

Contrary to what is often asserted by its critics, liberal internationalism has never meant utopian universalism. The early postwar presidents were willing to act regionally or unilaterally when global action was impractical. However, when acting outside the UN, they generally sought to act "inside the Charter," in Senator Arthur Vandenberg's felicitous phrase—that is, in conformity with Charter standards for regional action or individual and collective self-defense. Nor has liberal internationalism ever meant, as some have argued, an open-ended commitment to contain communism or fight for human rights in every part of the world, regardless of risks, and no such commitment was intended by the often-quoted "pay any price, bear any burden" rhetoric of the inaugural address of President John F. Kennedy. To make a commitment to the "survival and success of freedom" in the world, as Kennedy did, does not require mindless intervention everywhere. On the contrary, it requires the prudent and selective exercise of military and economic power where the benefits outweigh the costs. The Vietnam disaster was not the result of liberal ideology, but of a profound failure of judgment about Vietnamese realities and the futility, as Paul Nitze put it, of "trying to prop up a corpse."

The enemies of liberal internationalism have been those on the right who understand only balance of power politics and those on the left who understand only world order politics, when in fact both have been needed in the last 50 years in order to safeguard U.S. interests and defend freedom in the world. This will continue to be true in future years, even if, as this essay suggests will be the case, security threats from the Third World will take precedence over the threat from the Soviet Union. Still, it will be the world order side of liberal internationalism that will be required increasingly as the United States confronts the challenges and opportunities of the years ahead.

Let us be clear at the outset that a commitment to multilateralism should not be an excuse for isolationism or an abdication of U.S. responsibility. Where multilateral solutions cannot be found, other options must be considered. This is already done in trade policy, where the United States makes some agreements with all GATT members, some agreements with those members willing to undertake a higher level of obligation in new GATT codes, still other agreements in the form of free trade agreements with countries like Canada and Israel and, very exceptionally, where it uses the threat or application of unilateral trade restrictions to counter unfair trade practices, as under the "Super 301" authority of the 1988 Trade Act.

In the area of security, UN peacekeeping operations often will serve U.S. interests, but, for the foreseeable future, the United States will have to reserve the option of acting outside the UN together with its allies or even alone where UN action is impractical and freedom and security are at stake. Thus, the sending of U.S. and allied warships to the Persian Gulf was a justifiable action, as was the bombing of Tripoli in response to Libyan terrorism. When acting outside the UN, as noted earlier, the United States also should try to act "inside the Charter," conforming its behavior to internationally accepted principles interpreted in a way that the United States would be prepared to live with in future circumstances. The national foreign policy debate of the United States should not focus on the choice between balance of power politics and world order politics, but rather on how the two can be reconciled and harmonized in the complex circumstances that face policymakers in the real world.

How far the United States has strayed from this kind of discussion can be seen from the debates over two recent publishing events that have agitated the foreign policy community. Consider first Francis Fukuyama's article, "The End of History" and the debate it stimulated in the National Interest. Fukuyama began his article by equating the collapse of communism with "the universalization of Western liberal democracy as the final form of human government"—an outcome devoutly to be wished but hardly to be taken for granted in a world where repressive and authoritarian non-Communist regimes still hold sway over a large proportion of mankind. He claimed that the end of the ideological struggle between capitalism and communism would mean the "end of history" and usher in "a very sad time." The Cold War, he wrote with some nostalgia, had called forth "daring, courage, imagination and idealism." Now, with the death of communism, the United States faces only "centuries of boredom." [1]

That a senior official responsible for policy planning in the State Department could consider boring the prospect of a world of proliferating high tech weapons, smouldering ethnic and national conflicts, and population and environmental trends that call into question humanity's very capacity to survive on this planet, is, to say the least, disquieting. No less disquieting is the fact tht neither Fukuyama nor any of the distinguished persons who commented on his article in the National Interest considered that the same "daring, courage, imagination, and idealism" that went into the Cold War might be needed in equal measure for the building of an effective system of international cooperation to keep the peace, defend freedom, and assure human survival in the post-Cold War era.

Another example of how far the intellectual climate has strayed from the postwar traditions of liberal internationalism may be found in the debate over Paul Kennedy's "The Rise and Fall of the Great Powers".[2] Kennedy brilliantly described how dominant powers, such as Spain in the sixteenth century, France in the eighteenth century, and Great Britain in the nineteenth century, all lost preeminence because their political and military commitments outran their technological and economic capacities. The book can be read as a useful warning that the United States must not continue to neglect, as it clearly has in recent years, the technological and economic foundations of its national strength. Unfortunately, much of the debate on the book has centered on the supposed inevitability of the decline of the United States as a result of so-called imperial overstretch and on the question of which power—Japan, a unifying Europe, or whoever—might now replace the United States as global number one.

As Joseph Nye has pointed out, however, the prospect that the United States faces in the real world is one of power diffusion rather than hegemonic transition.[3] The United States has the resources to play a world role and at the same time deal with its domestic problems. Moreover, there is no challenger around to supplant it as a world power when one looks at military, economic, and cultural factors in combination. Yet, the United States obviously will not be the hegemonic power in the twenty-first century that it was for much of the twentieth century. Therefore, the answer to the question of "who will be in charge of the twenty-first century" will be, as Harlan Cleveland once put it, that "nobody will be in charge." It is precisely because the United States faces a world in which nobody is in charge that it needs better international institutions for shared decision making and shared responsibility.

A NEW SOVIET UNION, A NEW EUROPE

How would a foreign policy guided by liberal internationalism respond to the opportunities and challenges that this country faces in the 1990s? Let us begin with relations with the new Soviet Union and the new Europe.

Mikhail Gorbachev's radical changes in the domestic political and economic order of the Soviet Union, if they can be carried through successfully, will make that country (or what is left of it after the possible secession of the Baltic states and other republics) a better place for the Russian people to live in and a less threatening and more cooperative country for free nations to work with. Perhaps less well understood are all the implications of his new thinking *(novoe myshlenie)* in the field of foreign affairs. He has set aside the Marxist-Leninist doctrine of international class warfare and replaced it with the Western and even bourgeois concept of the promotion of common interests and common human values. He has committed his country to respect the principle of free choice of political systems and nonintervention in the internal affairs of other countries. His willingness to stand aside and permit the collapse of Communist regimes in Eastern Europe should convince even the most skeptical that these expressions of new thinking are not just propaganda to lull gullible people in the West.

There is equal reason to take Gorbachev and his senior officials seriously when they

[1] Footnotes at end of article.

call for the strengthening of the UN, the subordination of foreign policies to the international rule of law, and the entry of the Soviet Union into world economic organizations. Listening to Soviet speeches at the last two UN General Assemblies, in the words of one U.S. observer, has been like "hearing Adlai Stevenson in Russian translation." Does this mean that the concept of a cooperative world order launched by Roosevelt and embodied in the UN Charter is now, after 45 years of Soviet aggression and obstructionism, once again a realistic possibility? How should the United States respond?

To begin with, the United States should not lose the careful equilibrium between balance of power politics and world order politics that has brought it this far. Just as the Republican and Democratic Parties both can take credit for the policy of containment and the birth of NATO, so both can take credit for the modernization of the strategic deterrent, the deployment of the Pershing and cruise missiles in Europe, and the successful military aid to the Afghan resistance that forced Soviet withdrawal from Afghanistan. These three policies—courageously supported by both Presidents Jimmy Carter and Ronald Reagan—demonstrated to Gorbachev and the Soviet leadership that the West would resist Soviet aggression and intimidation and that the Soviet economy could not match Western military efforts.

As the United States fashions its policy toward the new Europe, the balance of power element in liberal internationalism will be needed in the future as it has in the past. Despite the demise of the Warsaw Pact, NATO and the presence of U.S. air, sea, and ground forces in Europe will be needed for the foreseeable future for at least three reasons. The first reason is to provide an insurance policy against a return of the Soviet Union to aggressive policies, a perhaps remote but still conceivable contingency if Gorbachev were succeeded by an orthodox Comunist or a Russian nationalist-chauvinist. The second reason is to keep the formidable military potential of a united Germany locked into NATO's integrated military structure. The third reason is to provide a military capability against security threats to the NATO nations and their Middle East allies from countries such as Libya, Syria, Iraq, and Iran. The administration of George Bush has been right to emphasize the continued importance of NATO's military as well as political role, but it will have a formidable job of education to perform on this point with both U.S. and European public opinion in the months ahead.

If balance of power politics still will be necessary, it is in the new possibilities for world order politics that liberal internationalism finally can come into its own. Both the Soviet Union and the United States now perceive a common interest in working through the UN to avert or contain conflicts in the Third World that might otherwise provide occasions for their competitive intervention. A recent report by an unofficial group cochaired by Vladimir Shustov, director of the Research Coordination Center of the Soviet Foreign Ministry, and this author confirmed that there is now an unprecedented degree of consensus between our two countries on the need to strengthen the secretary general's role in preventive diplomacy and enhance the effectiveness of UN peacekeeping operations.[4] This broad measure of agreement in a private dialogue has been reflected in the UN, where the two countries worked together through the Security Council to end the Iran-Iraq War, to authorize the UN—OAS monitoring of Nicaragua's elections and the patrolling of Central American borders, and, perhaps most impressive, to make posible the successful transition of Namibia to nationhood through free elections. Looking ahead, it is clear that both countries are prepared to support an ambitious UN role in Cambodia and Western Sahara, once the parties to those conflicts are ready to compose their differences.

The potential for U.S.-Soviet collaboration on world order issues goes well beyond peacekeeping and peacemaking. The bilateral dialogue now includes regular discussion of transnational issues, such as drugs, terrorism, and the environment, and the common ground thus identified is reflected in Soviet-U.S. cooperation on these issues at the UN. It is increasingly clear that the main obstacles now to effective UN action are not differences between the United States and the Soviet Union, but between developed and developing countries.

This is not to say that there is a complete identity of views between the United States and the Soviet Union; of course not. The differences, however, are no longer ideological. Rather, they are based on different perceptions of national interest defined in pragmatic terms, in the same way that the United States often differs in the UN from allies such as France or Japan. What is particularly striking is the new Soviet emphasis on seeking consensus in UN bodies, particularly with the United States. It has abandoned its former policy of supporting the most extreme anti-Western resolutions sponsored by radical Third World regimes. There is no doubt that these beneficial changes are due to Gorbachev's personal leadership, but it is also true that the Soviet Foreign Ministry has played a critical role in the way it has implemented the new thinking and provided fresh ideas to give it content. For this, Foreign Minister Eduard Shevardnadze, Deputy Foreign Minister Vladimir Petrovsky, Deputy Legal Adviser Sergei Ordzhonikidze, and International Organizations Department head Andrei Kozyrev deserve much credit, as does the Soviet Union's able UN Ambassador Alexander Belonogov.

There are several factors in Soviet policy, however, that should dictate caution in assessing the prospects for future Soviet-U.S. collaboration on a world order agenda. To begin with, the Soviet approach to world order politics is much too UN-centered. Soviet rhetoric about the UN playing the central role in international politics is clearly unrealistic; the bulk of security and economic issues of importance must continue to be dealt with outside the world organization. Then again, as Soviet leaders will admit in private, their country only recently has moved from seeing the UN as a place for polemics to a place where serious business can be done; it is short of people with knowledge and experience in the way that UN political and economic programs actually function and it has had little to contribute thus far on the details of UN budget and administrative reform. Moreover, its financial contributions to UN voluntary programs, such as the United Nations Development Program (UNDP) and United Nations Children's Fund (UNICEF), are exceedingly modest. Finally, the political and public opinion basis for Gorbachev's and the Foreign Ministry's policies is fragile. One easily can imagine different UN policies coming from a future Soviet leader who was a chauvinistic Russian nationalist or a traditional Communist. Even with a Gorbachev, a Supreme Soviet with real powers over foreign affairs and budget might prove as skeptical toward spending money for international organizations as the U.S. Congress. Given its economic problems and its shortage of hard currency, moreover, the Soviet capacity to match its enthusiasm for greater UN activity with proportionately greater contributions will be limited severely for the next few years.

With all these qualifications, however, the new Soviet approach to world order issues should be encouraged by a positive response from the United States. U.S. policy toward the UN and other international agencies, as will be suggested later, is sometimes shortsighted and is handicapped by failure to meet its financial obligations. The U.S. must take a more positive approach to multilateral cooperation, and not just in the areas of UN peacekeeping and peacemaking or in the transnational agenda of drugs, terrorism, and the human environment. There are at least four other promising areas which Gorbachev's new policy has opened up.

Human Rights. The first is human rights. One of the most striking contributions of liberal internationalism was to make human rights a central concern of the UN, along with collective security and economic cooperation. There was thus established the revolutionary concept that how a nation treats its own citizens is no longer its own business alone, but also the business of the international community. Under Eleanor Roosevelt's leaderhsip, the UN adopted the Universal Declaration of Human Rights, which stands to this day as the most comprehensive and widely recognized standard by which the human rights record of governments is judged. Despite initial opposition from conservatives in the United States, there is now a broad bipartisan consensus that human rights should be part of the U.S. foreign policy agenda and that this country's concern with human rights should apply to both right and left wing dictatorial regimes. Building on UN standards and benefiting from U.S. leaderhsip, the CSCE process following up the Helsinki Final Act has been increasingly effective in monitoring human rights practices and it undoubtedly contributed to the dramatic transition of the East European countries to democracy.

Until the arrival of Gorbachev, the Soviet Union was in hard-line opposition on human rights issues, insisting that international discussion of its domestic human rights practices constituted illegal intervention in its internal affairs. Now the Soviet leadership is supporting international oversight of domestic human rights practices, suggesting that Gorbachev possibly may see in strengthened UN and CSCE human rights processes a way of reinforcing the reforms he is undertaking in his own country. Certainly it was striking to see the Soviet Minister of Justice Venyamin Yakovlev in Geneva in the fall of 1989 responding constructively to probing questions from the experts on the UN Human Rights Commmittee regarding the consistency of Soviet laws and practice with the UN Covenant on Political and Civil Rights.

There are a number of ways that the United States can seize the opportunity presented by the new Soviet human rights policy. The United States can work with the Soviet Union and the new democracies of

Eastern Europe to make the UN human rights bodies more objective in examining human rights violations in every part of the world. The United States can encourage the work of the special UN rapporteurs investigating individual countries and those looking at specific problems such as torture, religious intolerance, and summary or arbitrary executions. The United States can mobilize the full resources of its government and private sector to make a success of the Human Rights conference that will be held in Moscow in 1991 as part of the CSCE process. The United States can encourage private U.S. organizations to work with counterpart groups in Western European governments in their efforts to promote democracy and the rule of law. Finally, the United States, at long last, could ratify the UN Covenant on Civil and Political Rights, thus enabling this country to participate in the Human Rights Committee's periodic reviews of compliance by the Soviets, East Europeans, and others of their obligations under that Instrument.

International Law. Another historic component of liberal internationalism has been its emphasis on the development of international law and on international adjudication and arbitration as a means of resolving international disputes. Here again, a changed Soviet approach is opening up new opportunities. For years, the Soviet Union insisted on contrasting Communist and Western approaches to international law and opposing the compulsory jurisdiction of the International Court of Justice (World Court). Now Soviet leaders are emphasizing that the foreign policies of nations should be subordinated to a common international rule of law. Moreover, they are asserting their willingness to accept the compulsory jurisdiction of the World Court in certain circumstances.

This new Soviet interest in international law and the World Court comes at an awkward time for the United States. In recent years, the executive branch and the Congress have been less than consistent, to say the least, in their commitment to international law. The unilateral reinterpretation by the United States of the Anti-ballistic Missile Treaty (ABM), the U.S. failure to pay legally binding UN assessments, the U.S. mining of Nicaragua's harbors, and the U.S. termination of its acceptance of the World Court's compulsory jurisdiction are just a few of the examples that could be cited. Yet, the observance and further development of international law is in the national interest of the United States, a democratic nation that believes in the rule of law at home, and a status quo power that seeks stability and order abroad. Those Americans who say that there is no such thing as international law really are asserting a profoundly unAmerican idea—that the United States should not honor its international commitments. The turnaround in Soviet attitudes could be the occasion to reexamine some current U.S. attitudes.

Moreover, the United States could initiate an intensive dialogue between officials and scholars in the Soviet Union and the United States on the content of international law in key areas, including controversial ones like the use of armed force. It is in the respective national interest of the two countries to provide clear limits on the use of armed forces by both large and small nations, while at the same time permitting nations to resort to force for individual and collective self-defense and in other exceptional circumstances, as in defense of their citizens overseas. A dialogue on international law may not lead to full or early agreement, but it could narrow differences and enhance mutual understanding. Of course, the United States should also begin such discussions with its allies in Europe and Asia, to try to bring order out of the present disarray between the industrialized democracies on the use of force and other sensitive international law questions.

On the question of the International Court of Justice, the United States, and the Soviet Union have begun official discussions on a common acceptance of a limited form of compulsory jurisdiction. It is not realistic to expect the two countries to accept such jurisdiction in controversies arising out of the use of armed forces, where national security interests are too great, the facts often difficult to establish, and the international rules still insufficiently developed, especially where civil wars are concerned. Still, the two countries could accept the jurisdiction of the Court for the interpretation of specific treaties to which they are parties, and perhaps also in certain carefully defined areas of international law, such as foreign investment or the law of the sea. To enhance their confidence in the Court, they could provide that cases between them would be decided by chambers of the Court, panels of 5 of the 15 judges selected by the Court after consultation with the parties. Once a Soviet-U.S. agreement is reached on a form of compulsory jurisdiction, it could be put to other UN members for consideration.

The Economy. Gorbachev's letter to the Paris economic summit of 1989 announced a new Soviet interest in participating in the management of the world economy. It is clear that the Soviet leadership sees advantages in ending the country's historic policy of autarky and in participating in the international division of labor and the transnational flow of investment, technology, and management skills. If the Soviet Union really moves toward a market economy and shifts resources from military production to consumption goods, it is in the Western interest to help reinforce these trends, not only through bilateral measures, such as trade agreements and joint ventures, but through enhanced multilateral cooperation. Observer status in GATT, the World Bank, and the IMF would be a good way to start. Full membership could be granted after a transitional period based on the achievement of specific reforms in the Soviet economy such as market pricing, enterprise autonomy, and ruble convertibility. During the transition period, teams from these international economic organizations could provide guidance and training to help the Soviet Union in its difficult transition from a command economy to a market economy. Membership in GATT, IMF, and the World Bank, however, should not give the Soviets a free ride. They should pay their full dues as a developed country by opening their market to Third World products and providing their fair share of multilateral development aid to poor nations in Asia, Africa, and Latin America.

Arms Control. The spread of advanced weaponry in the Third World represents a growing security problem and another priority for cooperation between the United States and the Soviet Union. There are now five acknowledged nuclear weapons countries: the United States, the Soviet Union, the United Kingdom, France, and China. Four other countries, India, Pakistan, Israel, and South Africa, are believed to have nuclear weapons capabilities. Iran, Iraq, Libya, and North Korea are seeking to acquire nuclear weapons. By the year 2000, there will be 40,000-50,000 kilograms of separated plutonium in international commerce as a result of peaceful nuclear activities, a target for theft by terrorists and radical governments. Many of the Third World countries that are now nuclear capable or that are seeking nuclear weapons are also busy developing medium-range and long-range missiles. There are 9 countries that have both missiles and chemical weapons, and that number could be as high as 15 or 20 by the year 2000.

Among the most important near-term goals for East-West cooperation should be the strengthening of the nonproliferation regime for nuclear weapons, the conclusion of a treaty banning chemical weapons, and a common missile control regime. With a world in prospect in which unstable Third World governments will be armed with long-range weapons of great destructiveness, U.S.-Soviet leadership in this kind of global cooperation is not utopian, it is realpolitik.

Eastern Europe. A final word in this review of East-West relations is needed on some implications for international cooperation of the emergence of independent democracies in Eastern Europe. First, UN work in peacekeeping, economic cooperation, and human rights will feel the benefit of the transformation of East European countries from satellites of the Soviet Union to truly independent actors. Second, the new European Bank for Reconstruction and Development should be supported as a vehicle to assist the transition of the East European countries to market economies. Third, the United States should begin negotiations on transforming the CSCE process into a permanent Organization for Security and Cooperation in Europe (OSCE), with a strong secretariat and four high-level councils to deal with political, economic, environmental, and human rights issues. The new OSCE could be headquartered in Berlin, if that city becomes the capital of a unified Germany. In addition to providing a more effective vehicle for pan-European cooperation, OSCE would give the new democracies of Eastern Europe a needed place for cooperation with one another and the rest of Europe, would provide an additional framework for reassurance about a unified Germany, and would reconfirm the presence of the United States as a European power. In supporting an OSCE, the United States should make very clear that it regards the proposed new organization as a supplement to NATO and the European Community, not as a substitute for them or as a means of diminishing their responsibilities.

MULTILATERALISM AND NORTH-SOUTH ISSUES

If changes in East-West relations are providing new challenges and opportunities for liberal internationalism, the same is no less true of the trends in North-South relations. For most countries of Latin America and Africa, the decade of the 1980s was one of stagnant or even declining living standards. Now, as they enter the 1990s, the developing nations in these continents and the poor countries of Asia are rightly concerned that as large Western resources are mobilized for German reunification and aid to Eastern Europe there will be diminished attention to their own needs. Such a result would be particularly unfortunate at a time when many of these countries are moving away from the statist ideology, the poor economic management, and the widespread corrup-

tion that have been at the root of their failures in development. Although the principal responsibility for economic development will continue to rest with the developing countries themselves, the present $50 billion annual negative resource transfer from these countries to the developed world will have to be reversed if growth in the Third World is to be revived.

The idea of international assistance to help the less developed countries develop their human and material resources was launched in the Roosevelt and Truman period and accepted by all subsequent administrations, whether Republican or Democratic. This element of liberal internationalism, however, although accepted in principle, has received declining real financial support in recent years, except where immediate security interests have been predominant. Neither humanitarian considerations nor the clear economic interest of the United States in Third World development have been sufficient to reverse the trend. Nevertheless, in the years ahead, liberal internationalism will find two new and powerful rationales for helping the developing countries: the threat of irreversible harm to the global environment and the peril of uncontrolled population growth coupled with massive South-North migration.

The people of the United States, like the citizens of other countries, are beginning to be concerned about global greenhouse warming, caused mainly by the burning of fossil fuels and tropical deforestation, phenomena that could cause catastrophic changes in the world's climate and sea level as early as the middle of the next century. They are also learning about the threat that the use of chlorofluorocarbons poses to the ozone layer, the global atmospheric shield against the ultraviolet radiation that causes cancer and other damage to life on earth. What has been less well understood is that these perils cannot be averted without the cooperation of developing as well as developed countries, and that for the Third World to take the necessary measures of self-restraint will require a huge amount of assistance in technology transfer, the training of people, and financial support. India may phase out the use of chlorofluorocarbons, China may moderate its burning of coal, Brazil may stop the destruction of its Amazon rainforest, but only at a price. That price will be new forms of multilateral assistance. Without it, Third World countries will have neither the economic means nor the political will to take their share of environmental responsibility. The United States and other developed countries would thus end up as environmental hostages to the Third World, as desperation born of poverty in poor countries accelerates the assault already underway on the world's fragile life support system.

Population growth could provide the second stimulus for a new interest in North-South economic cooperation. World population, which stood at only 1.5 billion at the beginning of this century and is 5 billion today, is predicted by the UN to reach 6.2 billion in the year 2000 and 8.5 billion in 2025. The world population will level off at 9 to 14 billion some time in the next century. Whether this planet's population stabilizes at the low or high end of that range will fundamentally determine the prospects for economic welfare and security, not only of developing countries, but of developed countries, including the United States. To understand the gravity of population trends, it is necessary only to consider that between now and the year 2025 Mexico is expected to grow from 85 to 150 million, Brazil from 144 to 246 million, Egypt from 51 to 94 million, Ethiopia from 45 to 112 million, Nigeria from 105 to 301 million, Bangladesh from 110 to 235 million, and India from 819 to 1,445 million. No government, no academic expert, has the faintest idea of how to provide adequate food, housing, health care, education, and gainful employment to such exploding numbers of people, particularly as they crowd into megacities such as Mexico City, Calcutta, and Cairo.

With such an explosive growth in numbers, there will be little hope of saving the rainforests, the topsoil, or the climate balance so essential to human life. Our descendants will witness human misery, political upheaval, and violence born of human desperation on a scale that one can scarcely imagine. They will also witness mass migrations from South to North on an unparalleled scale—a human tidal wave that is unlikely to be stopped by immigration laws and physical barriers. The rate of illegal immigration already being experienced in the United States and Europe is but a small augury of things to come.

There is no easy answer to the world population problem, but it surely has to begin wtih an international effort to make information and means of family planning available to all persons in the child-bearing years. Achieving this goal will require a substantial increase in the resources now devoted to family planning in developing countries. It will also require strengthened programs of health care and education and measures to enhance the rights of women in society. None of this is likely to happen without action through the UN system, and without leadership from the United States.

Although recent years have seen a growing understanding of the need for "sustainable development," there is still little appreciation of the magnitude of the investment sums that will have to be mobilized within the developing countries and from international aid in order to make this concept a reality in the Third World. A recent study by the former secretary general of the World Commission on Environment and Development, based on work done by the World Bank and the Worldwatch Institute, came up with some awesome figures for average annual financial requirements between 1990 and 2000: $19.3 billion for soil conservation, $5.3 billion for reforestation, $27 billion for population control, $30 billion for enhancing energy efficiency, $15.6 billion for renewable forms of energy, plus $27.3 billion for reducing Third World indebtedness. This adds up to an average annual total of $124.6 billion or a total for the decade of $1,371 billion.[5] Even if these estimates are two, three, or even four times too high, they suggest that there is a large gap between the rhetoric of environmental protection in both developing and developed countries and the willingness of these countries to pay the price for it.

WEST-WEST RELATIONS

Perhaps the greatest challenge to liberal internationalism will be in facing up to the economic and political adjustments needed in West-West relations. So much has been written about these issues that they need only be enumerated here: how to bring the Uruguay Round of trade negotiations to a successful conclusion, how to complete Europe's 1992 agenda in a manner that respects the interests of outsiders, how to strengthen the international monetary system, and how to achieve a fairer burden-sharing between the industrialized democracies on military and aid expenditures. All of these tasks will require greater progress in multilateral cooperation than has ever been witnessed before.

The most urgent requirement of all for the future of liberal internationalism is to get on with the reduction of the presently unsustainable West-West imbalances. In the last eight years, the United States has run cumulative current account deficts with the rest of the world of over $800 billion, transforming its position form that of a more than $100 billion net creditor to that of a more than $700 billion net debtor. Although the current account position of the United States has improved somewhat recently, the U.S. external deficit in 1990 will remain in excess of $100 billion and could start growing again as U.S. oil imports and the price of oil both rise. Meanwhile, the external surpluses of Germany and Japan are running at about $60 billion per year, with little diminution in prospect.

Unless corrected in the next few years, these large imbalances could one day trigger a financial crisis and a severe world recession. Even if such a dramatic outcome is avoided, the continuation of large U.S. deficits is likely to fuel U.S. protectionism, sour the U.S. foreign policy mood, and make it impossible for the United States to dedicate sufficient resources to the challenges and opportunities in East-West and North-South relations described earlier.

The measures needed to correct these imbalances are easy to recite and less easy to implement. From Japan, the need is for much greater efforts to open its domestic market, to increase its untied development aid, and to stimulate domestic demand. From Germany, the need is for similar actions and assurances that the understandable concentration on the economic tasks of German reunification does not come at the expense of Germany's global responsibilities. From the United States, serious action must be forthcoming in order to increase competitiveness and to reduce the U.S. budget deficit, which is still running at around $150 billion. That budget deficit would be in excess of $200 billion if the U.S. government did not employ the social security surplus for current spending, and if it included all the costs of the Savings and Loan bailout. The United States continues to pretend, through unrealistic forecasts and accounting gimmicks, that is meeting the Gramm-Rudman-Hollings target for deficit reduction, but the truth is that without bold action the deficit will remain in the $100–150 billion range in the years ahead, and could increase substantially with a major recession.

The Gramm-Rudman-Hollings process has not actually reduced the deficit, but in combination with antiinternationalist political currents it has played havoc with the expenditures needed to sustain the international leadership of the United States. The U.S. overseas diplomatic establishment, educational exchanges, and bilateral development aid all have been savaged by harmful reductions. The United States is in arrears by $700 million in its contributions to the UN and its specialized agencies, which damages valuable UN operations in peacekeeping, development, human rights, and environmental protection and diminishes U.S. influence. The United States also lags behind in its payments to multilateral financial institutions, such as the World Bank, the International Finance Corpora-

tion, and the Asian Development Fund. As long as the U.S. budget deficit is not dealt with seriously, the United States is unlikely to face up to these financial obligations of world leadership, much less assume new ones. Urgent U.S. domestic needs also will go inadequately funded. From the problems of drugs, the homeless, education, and crumbling U.S. infrastructure, on the one side, to the problems of Central America, Eastern Europe, Third World development, and global warming on the other, the United States will be facing its reponsibilities with empty pockets.

Although it has become commonplace to say it, it remains true that the problem of the United States is not a shortage of economic resources, but a shortage of political will. To reduce substantially the U.S. budget deficit and to support presently underfunded domestic and international programs of top priority would require $100 billion per year in the short run and $200 billion per year in the long run, which represents 2 percent and 4 percent respectively of the $5 trillion U.S. national income. If progress in U.S.-Soviet relations continues, the United States can fund much of this through cuts in the defense budget. Still, this country will also have to bite the bullet of finding additional revenue. The slogan of "no new taxes" is simply not compatible with the requirements of U.S. world leadership. The sooner the United States faces up to this reality, the better.

A LIBERAL INTERNATIONALIST FUTURE?

There are three provocative questions about the future of liberal internationalism that deserve attention before concluding this essay. Unfortunately, each requires more discussion than space allows, but they can at least be identified and some answers may be sketched.

First Question: Can multilateral diplomacy and multilateral institutions deal with the world order agenda in a manner that is acceptable to the United States? It is in the nature of any large organization that no single member can have its way all of the time. Reliance on international organizations does involve risks. It may lead to decisions to act over U.S. opposition, or the failure to act when the United States is prepared to do so. The deficiences of the UN and many of its agencies are well known: uneven administration in the secretariats, inadequate influence for the major contributors over budgets and programs, poor coordination of sectoral activities, and often a paralyzing lack of political consensus. The situation is better in the international financial institutions, where weighted voting applies, and in the central trade forum known as GATT. Even in these institutions, however, the United States cannot have its way all of the time. The United States must balance the disadvantages of working through international organizations against the disadvantages of acting alone. Multilateral action usually serves the U.S. national interests, enlisting needed support from other countries, sharing economic burdens and political responsibility, and accomplishing tasks that the United States could not achieve as well, or at all, by unilateral action. The United States must, of course, have the common sense to be selective—putting for example, its main emphasis for peacekeeping on the Security Council, where the United States can exercise the veto, and opposing General Assembly recommendations that work against U.S. interests.

If a policy based on greater use of multilateral institutions is to be credible, the United States will need to devote more high-level effort to making these institutions work more effectively. Multilateralism must not mean the tyranny of the small country majority or the lowest common denominator of recalcitrant members. Multilateralism should mean structured decision-making devices to provide "power steering" on budgets and programs and greater use of "coalitions of the willing" in which like-minded. countries act together under a UN umbrella, through programs financed by voluntary contributions. More attention should also be given to finding outstanding persons to lead the international agencies. For example, the United States should start right now to identify first-rate candidates to replace UN Secretary General Javiér Perez de Cuellar when his term expires at the end of 1991.

Second Question: Can liberal internationalism coexist with domestic liberalism? To put it another way, is the ambitious multilateral agenda outlined in this essay sufficiently compelling to obtain the needed commitment of U.S. leadership and resources in the face of equally compelling domestic priorities? I believe the answer can be yes, but the case for a greater commitment of U.S. resources to international affairs has yet to be made effectively to the U.S. electorate, to the Congress, or even to the U.S. foreign policy establishment.

A little over 20 years ago, in 1969, UN Secretary General U Thant warned that mankind had "perhaps 10 years left * * * to launch a global partnership to curb the arms race, to improve the human environment, to defuse the population explosion, and to supply the required momentum to world development efforts. If such a global partnership is not forged within the next decade, then I very much fear that the problems * * * will reach such staggering proportions that they will be beyond our capacity to control.[6]

I confess to having written those words for U Thant in 1969, and to having unduly foreshortened the timetable for remedial action in an effort to dramatize the issues. But looking in 1990 at those same problems—weapons proliferation, population, the environment, and the growth in the numbers of the world's desperate poor—it may no longer be an exaggeration to say that the next 10 years will be decisive. If the international community does not take effective action on these problems in the 1990s, what kind of world will today's children face in the next century? If a president were willing to put the question in this way to the people of the United States—governing as if the future mattered—liberal internationalism would have a chance of success in the face of the competing claims of domestic liberalism.

Third Question: Will the Democratic Party or the Republican Party be the best protagonist of liberal internationalism in the crucial decade that lies ahead? The answer is far from clear.

President Bush might not relish the designation, but he may wind up as one of the most liberal internationalist presidents of recent years. He has brought the United States back to the moderate Republicanism of the era of Gerald Ford. His broad experience in foreign affairs, including his brief service as U.N. ambassador, has given him a realistic appreciation of the international problems facing the country and the value of working through global organizations as well as through our alliances. Although he attacked Michael Dukakis for an excessive devotion to multilateralism during the 1988 presidential campaign and called the UN "an unreal place . . . torn by tensions," one of his first acts after inauguration was to invite Secretary General Perez de Cuellar to Washington for a private working dinner. He has pledged that his administration "will do its best to strengthen the UN and to reassert positive leadership there." [7] He has appointed as UN Ambassador one of the State Department's finest career diplomats, Thomas Pickering. He already has exercised strong leadership in NATO on East-West issues, particularly in the conventional arms negotiations. He has demonstrated a firm commitment to the multilateral trade and financial institutions and is pledged to multilateral action on the global environment.

It is too early to make an assessment of the Bush presidency in foreign affairs, but from a liberal internationalist perspective there are at least two important areas that cause concern. One is the world population issue where in deference to the "right to life" movement, the president is carrying forward the Reagan administration cutoff of aid to the UN Fund for Population Activities and to the International Planned Parenthood Federation. If the U.S. government is serious on world environment and development, it has to face up to the population question. The second area, as already suggested, is fiscal policy. The Bush administration's failure to deal realistically with the budget deficit and the need for new taxes is opening up a large gap between its proclaimed objectives and the means available for achieving them. This is as painfully obvious in international affairs as it is in domestic policy.

What of the Democrats? Many leaders of the Party still carry forward the Roosevelt-Truman legacy of liberal internationalism, but the longer the Party is locked out of the White House the harder it will be to exercise the leadership that does justice to that legacy. Congress is dominated increasingly by constituency politics, and it is difficult to reconcile constituency politics with U.S. leadership in a rule-based international system of cooperation. The temptation toward unilateralism and shortsighted nationalism is particularly evident in the negative attitudes of some congressional Democrats on trade policy and on appropriations for the State Department and the multilateral financial institutions. At the same time, some senators, such as BILL BRADLEY and ALBERT GORE, have been charting new and constructive directions on the global environment, Third World debt, and East-West relations.

This article closes as it began, with the "*L* word." If the Democrats refuse to give in to shortsighted constituency pressures, if they are not afraid to be known as liberals in foreign policy, and if they define their liberalism in a realistic way to encompass both world order politics and balance of power politics, then they may earn the chance to recapture the White House and once again direct the country's foreign policy. If they fail to do these things, it will be the Republican Party, exercising the powers of the executive in response to the new imperatives of interdependence, that will be the standard bearer of the liberal internationalist tradition of Roosevelt and Truman as the United States moves toward the twenty-first century. Still, the question of which political party carries forward the tradition of liberal internationalism is less important than the categorical imperative that one of

them must do it. The successful pursuit of all U.S. foreign policy concerns—in security, economics, environment, and human rights—hangs in the balance.

NOTES

[1] Francis Fukuyama, "The End of History?" National Interest 16 (Summer 1989), pp. 4 and 18.

[2] Paul Kennedy, "The Rise and Fall of the Great Powers (New York: Random House, 1987).

[3] Joseph Nye, "Bound to Lead: The Changing Nature of American Power" (New York: Basic Books, 1990).

[4] Joint Statement issued by the United Nations Associations of the U.S. and Soviet Union on "The U.N.'s Role in Enhancing Peace and Security," Moscow, April 1989.

[5] James MacNeill, "Strategies for Sustainable Economic Development," Scientific American, September 1989.

[6] Statement to the Seminar on the Second UN Development Decade, May 9, 1969, reprinted in Journal of the Institute on Man and Science, No. 1, 1970.

[7] Letter to United Nations Association Chairman John C. Whitehead, June 8, 1989.●

TRIBUTE TO WARTIME NURSES

● Mr. LEVIN. Mr. President, I would like to call attention to an important event occurring in Michigan this coming weekend. On September 15, 1990, nurses and representatives from over 10 veterans organizations will gather for the first annual Veterans Tribute to Wartime Nurses. This conference represents the first international event of its kind commemorating these wartime heroes and heroines.

American military nurses have volunteered their services for over a century and a half, serving in every major conflict since the Civil War. During World War I, over 21,000 nurses served in the U.S. Army and an additional 1,400 served with the U.S. Navy. Over 10,000 of these nurses served overseas in support of our U.S. forces. During World War II, the number of nurses serving overseas swelled to nearly 35,000.

Wartime nurses have provided crucial, on-site medical care to our Nation's troops with distinction. More than 1,500 nurses were decorated during World War II, receiving the Distinguished Service Medal, Silver Star, and the Purple Heart. Thousands of wartime nurses have made extreme sacrifices serving their country. Hundreds of nurses have lost their lives and many more have sustained serious injury.

So today, Mr. President, as military nurses are again in harm's way, it is especially fitting that we remember their contributions and importance to our military forces.●

BILL HELD AT THE DESK—H.R. 5400

Mr. BRYAN. Mr. President, I ask unanimous consent that H.R. 5400 be held at the desk until the close of business on Friday, September 14.

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

STRATEGIC PETROLEUM RESERVE AMENDMENTS OF 1990—CONFERENCE REPORT

Mr. BRYAN. Mr. President, I submit a report of the committee of conference on S. 2088 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2088) to amend the Energy Policy and Conservation Act to extend the authority for titles I and II, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of today, September 13, 1990.)

Mr. JOHNSTON. Mr. President, we have before us a vital piece of energy policy legislation: Senate bill 2088, the Energy Policy and Conservation Act Amendments of 1990. The House and Senate have just concluded their conference on this bill and I am proud to bring it to the floor.

The bill has four major provisions: First, it extends the authority for the Strategic Petroleum Reserve [SPR] for 4 years. Second, it expands the SPR to 1 billion barrels. Third, the bill authorizes the leasing of oil and facilities to lower the cost of expanding the reserve. Finally, it provides for a 3-year test of storage of refined petroleum products.

On September 15, all the authority in current law for operating and building the SPR will expire. The SPR now contains about 590 million barrels of crude oil stored in salt domes in Louisiana and Texas. It is essential that the authority be extended for the SPR, which is contained in title I of the Energy Policy and Conservation Act [EPCA], and for title II of EPCA, which authorizes our Nation's cooperation with the International Energy Agency under the 1974 International Energy Agreement. Section 2 of this bill extends this authority through September 1994.

Section 3 creates new authority which allows the President to authorize a partial drawdown of the reserve under specified circumstances involving a domestic energy supply shortage.

Section 4 bill directs the Secretary of Energy to make plans to expand the SPR to 1 billion barrels. The legislation that first created the reserve called for a size of up to 1 billion barrels. Unfortunately, no administration ever developed plans for an SPR beyond 750 million barrels. The invasion of Kuwait is a chilling reminder that we must have an ample strategic oil stockpile in order to preserve our national security and protect our economy. I have long advocated that the SPR should contain at least 90 days of U.S. oil imports. It is clear that we will need more than 750 million barrels of oil in the SPR in order to achieve that target.

Section 5 of S. 2088 contains a provision for the predrawdown diversion of SPR oil. Under current law, if the Secretary of Energy finds that an oil disruption exists or is imminent, any oil already purchased for the SPR and en route for delivery must first be placed in the SPR before being sold. It would be far preferable to allow that oil to be sold while in transit and sent directly to a refinery.

Section 6 creates a new part C in title II of EPCA authorizing the long-term leasing of crude oil and storage facilities. Leasing is a promising method of achieving the goals of the SPR program despite the severe budgetary constraints facing the Federal Government. This is the most complex part of the bill and I would like to address some leasing issues in detail.

The contracts that may result from the authority granted in part C are likely to be very new and unique. It may be very difficult for DOE to conduct its procurement activities according to the standard of "full and open" competition as required by current law. In addition, a number of foreign governments and foreign national oil companies may be able to offer very favorable contract terms to the United States, yet these entities may be very reluctant to participate in a full and open competitive procurement process. For these reasons, I encourage the Department to seek any and all available exceptions and waivers from various procurement requirements if such actions serve the interest of contracting for oil and facilities under the most favorable conditions.

Certainly, any oil acquired by contract under part C is part of the reserve for the duration of the contract. Upon the expiration, termination, or other conclusion of the contract, the oil is no longer part of the reserve and may be withdrawn from the reserve. Furthermore, under part C, the acquisition of petroleum products includes payments of amounts due upon the expiration, termination, or other conclusion of the acquisition contract.

Part C requires that DOE transmit all contract amendments to Congress for review, just as new contracts must be transmitted to Congress. DOE should enter into contracts that allow reasonable flexibility in dealing with a variety of contingencies. Assuming that DOE is successful in this effort, contract amendments typically would involve only major changes in contract

terms that significantly affect the costs or benefits of the petroleum product or facilities under contract, and thus should be subject to congressional review.

Section 7 establishes a 3-year program to test various mechanisms for storing refined petroleum products. This is an important test given the concerns of many that during a supply interruption the Nation may need product reserves as well as crude oil reserves.

Section 8 gives the Secretary of Energy authority to conduct a test drawdown and sale of crude oil from the reserve.

Section 9 assures that SPR storage or related facilities are not subject to the Interstate Commerce Act.

Section 10 gives the President authority to permit the export of SPR oil in exchange for refined petroleum product delivered to the United States. Given that we are increasingly dependent on imported products, this added flexibility could prove crucial in minimizing the damage of a supply disruption.

Section 11 permits the Secretary to expedite amendments to SPR distribution plan if a severe energy supply interruption exists or is imminent.

I strongly urge my colleagues to approve this bill. It is a critical step in forging a strong national energy policy.

Mr. McCLURE. Mr. President, on many occasions since the 1973 Arab oil embargo, I have spoken on the adequacy of the United States energy emergency preparedness. I have emphasized that the evolution of national policies in this critical area must be a dynamic, not static, process. However, for the last 10 years this has not been the case. Our energy emergency capabilities have deteriorated to such a point that on the domestic front they are limited to the strategic petroleum reserve.

The cornerstone of our energy insurance policy is the strategic petroleum reserve. Fourteen years have passed since the Congress initially authorized the strategic petroleum reserve. Successful completion of the reserve was considered a monumental task by all the affected parties. Nevertheless, due to the support and dedication of many individuals by the end of this year the SPR will contain almost 600 million of the currently authorized 750 million barrels.

On the international front there is the International Energy Agency which continues to credibly perform the information and other functions that we and our allies must rely during periods of international energy shortages. The IEA information system is critical to our understanding of international oil markets. The IEA continues to serve as an essential catalyst in this process.

Over the years their continuing tests of the IEA oil sharing program also have added significantly to its potential effectiveness. I have long believed that the IEA must continue to concentrate its efforts in the areas for which it was constituted: the emergency response system and strategic stocks. That need is clearly demonstrated by current events.

Mr. President, what energy emergency preparedness we possess as a nation relies on the Energy Policy and Conservation Act, both domestically and internationally. Without these fundamental authorities our national and international capability to respond to a severe disruption of international energy supplies would be nonexistent.

The conference agreement on S. 2088 extends these critical authorities for an additional 4 years and strengthen the strategic petroleum reserve.

Under current law, drawdown of the SPR is controlled by the President based on national energy security and economic concerns and I believe that Presidential control has been retained in the conference agreement.

In this regard, the thrust of the conference agreement disturbs me in several respects. First, under current law use of the strategic petroleum reserve is restricted to responding to shortages of international energy supplies. I seriously question the advisability of any change in this policy.

Existing statutory authority is quite clear on his point; the law does not permit SPR drawdown short of a severe interruption in international energy supplies or in order for the United States to meet its international energy obligations

I recognize, Mr. President, that there could be comparable disruptions in domestic energy supplies to those international situations envisioned under current law and the conference agreement would amend EPCA to reflect this possibility. But I must emphasize that what is envisioned is only those domestic situations where shortages of domestic energy supplies of significant scope and duration, and of an emergency nature, as to cause major adverse impact on our national economy or national safety. Use of the SPR to respond to domestic energy supply disruption without adverse national economic implications would be inconsistent with the conference agreement.

The propensity of consumers to complain about energy prices that are necessary for the maintenance of reliable energy supplies is insufficient reason for Government to intervene in the marketplace and manipulate or dampen energy prices in any manner. Any suggestion that the SPR be used for other than responding to actual shortage of energy supplies would be inconsistent with this conference agreement.

A second matter that disturbs is the efforts by some Members to transform the strategic petroleum reserve into a mechanism for responding to the needs of selected regions of our country. The reserve is a national resource that must be available for all American consumers. Yet this is the reason articulated by some Members as the reason for establishment of a refined petroleum product component for the reserve.

Nevertheless, the United States is becoming increasingly dependent on petroleum product imports. Certain regions are clearly more dependent than others, but the problem is the inadequacy of our current domestic refining capabilities and this is a national problem.

I must observe, however, that this situation in large part was created by our failure to achieve a balance between national energy and environmental policies. One of the manifestations of this failure is inadequate domestic refining capabilities to meet not only national needs but the needs of certain regions. In many instances the very regions that are concerned about petroleum product shortages are the same regions that are closing refineries under current environmental policies or have prohibited their construction over the years. Now these same regions are asking the rest of the country to pay for their failure to achieve a balance between the energy and environmental requirements of their region.

Once again this failure is being reflected in the agreements being discussed on the Clean Air Act Amendments of 1990. Rather than address this imbalance we are once again exporting our environmental pollution and importing more energy.

From this perspective, I am disturbed that the conference agreement authorizes a 3-year program to test various mechanisms for establishing a refined product component for the reserve. Unlike the provisions in the House bill which supported petroleum product reserves to meet the needs of certain regions, the conference envisions a test program that is an integral component of the strategic petroleum reserve. Therefore, it is important to state categorically that such reserves are to be located on national distribution systems which facilitate their expeditious and reliable distribution to all American consumers. While the needs of particular regions of the country are to be considered by the Secretary when locating such product reserves, this is but one of the factors that are to be considered.

There are other means for creation of product reserves besides Government ownership. Therefore, among the mechanisms that are to be considered and may be tested are industrial

petroleum reserves pursuant to section 156 of current law and State set-aside programs. Most States now maintain set-aside programs in the event of energy shortages. Those regions that face special problems, such as the Northeast and southern California, should establish their own product reserves, rather than shift the cost of such regional reserves to all American consumers. An appropriate mechanism for this purpose is expansion of existing set-aside programs, which is one of the options that is to be evaluated under the conference agreement.

On the positive side, Mr. President, the conference agreement authorizes the diversion of SPR oil in transit for storage in the SPR when the President anticipates that international oil markets will deteriorate into a severe international energy supply problem. The conference agreement also authorizes DOE to lease crude oil for storage in the SPR. In light of the present budgetary climate, this authority is particularly appropriate if we are to complete the expansion of the SPR to 1 billion barrels as authorized in 1976 and called for in the conference agreement.

Mr. President, this is a critical time and, in the aggregate, this conference agreement strengthens our national energy preparedness. I urge its adoption.

Mr. AKAKA. I would like to address a matter related to section 7 of the conference report. This section directs the Secretary of Energy to conduct a test program of storage of refined petroleum product in the reserve. I would like to clarify whether the Secretary may choose to conduct part of this program in Hawaii.

Section 7 states that the Secretary shall determine the locations in which to store refined product, taking into account the proximity of existing distribution systems, the proximity of the area or areas of the United States most dependent on imported petroleum product or likely to experience shortages of refined petroleum products, and the capability for expeditious distribution to such area or areas.

I understand that the definition of "petroleum product" in section 3 of the existing Energy Policy and Conservation Act includes crude oil. Would the Senator agree with my understanding?

Mr. JOHNSTON. Yes, section 3 defines "petroleum product" as meaning crude oil, residual fuel oil, or any refined petroleum product.

Mr. AKAKA. Hawaii is heavily dependent on imports of crude oil. Therefore, if the Secretary chose to store refined product in Hawaii under the test program, such storage would be in the proximity of an area of the United States most dependent on imported petroleum product, in this case crude oil, as described in section 7 of the conference report.

As I understand it then, section 7 would allow the Secretary to store refined product in Hawaii as part of the test program. Would the Senator agree?

Mr. JOHNSTON. Yes, nothing in section 7 precludes the Secretary from selecting Hawaii as a location.

Mr. AKAKA. As I understand it, the refined petroleum products to be stored under section 7 could include aviation fuel and gasoline; am I correct?

Mr. JOHNSTON. Yes, that is correct.

Mr. AKAKA. Thank you for your responses. In applying the criteria contained in what will become section 160(g)(3) of the act, I urge the Secretary to give special consideration to areas of the United States such as Hawaii that have a high level of oil dependence, rely upon imports for more than 50 percent of their supply, as well as rely exclusively on ocean tankers. I believe that these considerations should be given high priority in determining what is import dependence under this section.

I urge the adoption of the conference agreement, and yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. BRYAN. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

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

The motion to lay on the table was agreed to.

STUDENT RIGHT-TO-KNOW AND CAMPUS SECURITY ACT

Mr. BRYAN. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 580.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 580) entitled "An Act to require institutions of higher education receiving Federal financial assistance to provide certain information with respect to the graduate rates of student-athletes at such institutions", do pass with the following amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Student Right-to-Know and Campus Security Act".

TITLE I—STUDENT ATHLETE RIGHT-TO-KNOW

SEC. 101. SHORT TITLE.

This title may be cited as the "Student Athlete Right-to-Know Act".

SEC. 102. FINDINGS.

The Congress finds that—

(1) education is fundamental to the development of individual citizens and the progress of the Nation as a whole;

(2) there is increasing concern among citizens, educators, and public officials regarding the academic performance of student-athletes at institutions of higher education;

(3) while the National Collegiate Athletic Association has instituted a new academic eligibility standard for incoming freshmen, such standard does not impact on eligible athletes in college where such athletes can remain eligible if such athletes have less than a 2.0 grade point average in the first 2 years of study;

(4) more than 10,000 athletic scholarships are provided annually by institutions of higher education;

(5) prospective students should be aware of the educational commitments of an institution to its athletes; and

(6) knowledge of the graduation rates of student-athletes would assist prospective students and their families in making an informed judgment about the educational benefits available at a given institution of higher education.

SEC. 103. REPORTING REQUIREMENTS FOR INSTITUTIONS OF HIGHER EDUCATION.

(a) AMENDMENT.—Section 485 of the Higher Education Act of 1965 (20 U.S.C. 1092) is amended by adding at the end thereof the following new subsection:

"(e) DISCLOSURES REQUIRED WITH RESPECT TO ATHLETICALLY RELATED STUDENT AID.—

"(1) REPORTS TO THE SECRETARY.—Each institution of higher education which participates in any program under this title and is attended by students receiving athletically related student aid shall annually submit a report to the Secretary which contains—

"(A) the number of students at the institution of higher education who received athletically related student aid broken down by race and sex in the following sports: basketball, football, baseball, cross country/track, ice hockey, and all other sports combined;

"(B) the number of students at the institution of higher education, broken down by race and sex;

"(C) the graduation rate for students at the institution of higher education who received athletically related student aid broken down by race and sex in the following sports: basketball and football;

"(D) the graduation rate for students at the institution of higher education, broken down by race and sex;

"(E) the average graduation rate for the 4 most recent graduating classes of students at the institution of higher education who received athletically related student aid broken down by race and sex in the following categories: baseball, cross country/track, ice hockey, and all other sports combined; and

"(F) the average graduation rate for the 4 most recent graduating classes of students at the institution of higher education broken down by race and sex.

"(2) STUDENT NOTIFICATION.—When an institution described in paragraph (1) of this subsection offers a potential student athlete athletically related student aid, such institution shall provide to the student and his parents, his guidance counselor, and coach the information contained in the report submitted by such institution pursuant to paragraph (1).

"(3) SPECIAL CIRCUMSTANCES.—If an institution of higher education described in paragraph (1) finds that the information collected pursuant to such paragraph, because of

extenuating circumstances, does not provide an accurate representation of the school's graduation rate, the school may provide additional information to the student and the Secretary.

"(4) COMPARABLE INFORMATION.—Each institution of higher education described in paragraph (1) may provide supplemental information to students and the Secretary showing the graduation rate when such graduation rate does not include students transferring into and out of such institution. The Secretary shall ensure that the data presented to the student and the data submitted to the Secretary are comparable.

"(5) REPORT BY SECRETARY.—(A) The Secretary shall, using the reports submitted under this subsection, compile and publish a report containing the information required under paragraph (1) broken down by—

"(i) individual institutions of higher education, and

"(ii) athletic conferences recognized by the National Collegiate Athletic Association and the National Association of Intercollegiate Athletics.

"(B) The Secretary shall make available copies of the report required by subparagraph (A) to any individual or secondary school requesting a copy of such report.

"(6) WAIVER.—The Secretary shall waive the requirements of this subsection for any institution of higher education which is a member of an athletic association or athletic conference that voluntarily published graduation rate data (or has agreed to publish the data) that, in the opinion of the Secretary, is substantially comparable to the information required under this subsection.

"(7) DEFINITIONS.—For the purpose of this subsection—

"(A) The term 'athletically related student aid' means any scholarship, grant, or other form of financial assistance whose terms require the recipient to participate in an institution of higher education's program of intercollegiate athletics in order to be eligible to receive such assistance.

"(B) The term 'graduation rate' means the percentage of students with no previous collegiate participation who enter an institution of higher education as full time, degree seeking students in a specific year and graduate with a bachelor's degree, or the equivalent, within 5 years.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) of this section shall take effect July 1, 1991.

SEC. 104. DISCLOSURE OF ATHLETIC ACTIVITY REVENUES AND EXPENDITURES.

(a) FINDINGS.—Congress finds that—

(1) the fiscal and operational integrity of intercollegiate athletic programs and the relationship of such programs to the educational purpose of higher education are of increasing concern to the public, students, and to Congress;

(2) there is a lack of adequate information regarding the operation and control of intercollegiate athletic programs, including the revenues and expenditures associated with such programs; and

(3) such information would be helpful in insuring that intercollegiate athletic programs are adequately controlled by and accountable to the institutions which sponsor them.

(b) DISCLOSURES.—

(1) DISCLOSURE TO STUDENTS.—Section 485(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1092(a)(1)) is amended—

(A) by striking "and" at the end of subparagraph (J);

(B) by striking the period at the end of subparagraph (K) and inserting a semicolon; and

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

"(L) in a form prescribed by the Secretary, with respect to any institution that offers athletically related student aid—

"(i) the total revenues, and the revenues by sport, derived by the institution's athletic departments and intercollegiate athletic activities;

"(ii) the total expenditures, and the direct expenditures by sport, derived from such departments and intercollegiate athletic activities; and

"(iii) the total revenues and expenditures of the institution for the same period; and".

(2) COLLECTION AND PUBLICATION OF INFORMATION.—Section 485(a) of such Act is amended—

(A) by redesignating paragraph (2) as paragraph (4); and

(B) by inserting after paragraph (1) the following new paragraph:

"(2) The Secretary shall—

"(A) annually collect and compile the forms required to be disclosed under paragraph (1)(L);

"(B) make such compiled forms readily available for public inspection and copying; and

"(C) publicly announce, annually, the availability of such compiled forms.".

(c) EFFECTIVE DATES.—The amendments made by this section shall take effect on July 1, 1991, except that the first report required under such amendments shall be due on July 1, 1992.

SEC. 105. ADDITIONAL GENERAL DISCLOSURE REQUIREMENTS RELATING TO GRADUATION.

(a) DISCLOSURE OF COMPLETION RATES.—Section 485(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1092(a)(1)) is amended by inserting immediately after subparagraph (L) (as added by section 104 of this Act) the following new subparagraph:

"(M) the completion or graduation rate of certificate- or degree-seeking, full-time students entering such institutions.".

(b) CONSTRUCTION OF DISCLOSURE REQUIREMENTS.—Section 485(a) of such Act is further amended by inserting after paragraph (2) (as added by section 104 of this Act) the following new paragraph:

"(3) In calculating the completion rate under subparagraph (M) of this section, a student shall be counted as a completion if, within 150 percent of the normal time for completion of the program, the student has completed the program, or enrolled in any program of an eligible institution for which the prior program provides substantial preparation. The information required to be disclosed under such subparagraph—

"(A) shall be available beginning on July 1, 1992, and each year thereafter to current and prospective students prior to enrolling or entering into any financial obligation;

"(B) shall cover the one-year period ending on June 30 of the preceding year; and

"(C) shall be updated not less than biennially.".

(c) ESTABLISHMENT OF STANDARD DEFINITIONS.—In coordination with representatives of institutions of higher education, the Secretary shall, not later than 6 months after the enactment of this section, establish standard definitions and methodologies for measuring the following institutional outcomes—

(1) the graduation or completion rate of graduates at an institution broken down by program or field of study;

(2) the graduation rate of an institution reported by individual schools or academic divisions within the institution;

(3) the rate at which graduates of the institution pass applicable licensure or certification examinations required by the State for employment in a particular vocation, trade, or professional field; and

(4) the rate at which graduates of occupationally specific programs at the institution who enter the labor market following graduation or completion from such a program obtain employment in the occupation for which they are trained.

(d) REPORT.—The Secretary of Education shall, by October 1, 1991, submit a report to the appropriate committees of the Congress on the implementation of this section and the amendments made by this section.

TITLE II—CRIME AWARENESS AND CAMPUS SECURITY

SEC. 201. SHORT TITLE.

This title may be cited as the "Crime Awareness and Campus Security Act of 1990".

SEC. 202. FINDINGS.

The Congress finds that—

(1) the reported incidence of crime on some college campuses has steadily risen in recent years, particularly violent crimes;

(2) while annual "National Campus Violence Surveys" indicate that roughly 80 percent of campus crimes are committed by a student upon another student and that approximately 95 percent of the campus crimes which are violent are alcohol or drug related, there is currently no comprehensive data on campus crimes;

(3) out of 8,000 postsecondary institutions participating in Federal student aid programs, only 352 colleges and universities voluntarily provide crime statistics directly through the Federal Bureau of Investigation's Uniform Crime Report and other institutions report data indirectly, through local police agencies or States, in a manner that does not permit campus statistics to be separated out;

(4) several State legislatures have adopted or are considering legislation to require reporting of campus crime statistics and dissemination of security practices and procedures, but the bills are not uniform in their requirements and standards;

(5) students and employees of institutions of higher education should be aware of the occurrence of crime on campus and policies and procedures to prevent crime or to report occurrences of crime;

(6) applicants for enrollment at a college or university, and their parents, should have access to information about that institution's crime statistics and its security policies and procedures;

(7) while many institutions have established crime preventive measures to increase the safety of campuses, there is a clear need—

(A) to encourage the development on all campuses of security policies and procedures; and

(B) for uniformity and consistency in the reporting of crimes on campus.

SEC. 203. AMENDMENTS.

(a) PROGRAM PARTICIPATION AGREEMENT REQUIREMENTS.—Section 487(a) of the Higher Education Act of 1965 is amended by adding at the end thereof the following new paragraph:

"(11) The institution certifies that—

"(A) the institution has established a campus security policy; and

"(B) the institution has complied with the disclosure requirements of section 485(f).".

(b) DISCLOSURE REQUIREMENTS.—Section 485 of the Higher Education Act of 1965 is amended by adding at the end thereof the following new subsection:

"(f) DISCLOSURE OF CAMPUS SECURITY POLICY AND CAMPUS CRIME STATISTICS.—(1) Each eligible institution participating in any program under this title shall prepare, publish, and distribute, through appropriate publications and mailings, to all current students and employees, and to any applicant for enrollment or employment upon request, beginning on July 1 of 1992 and each year thereafter, an annually revised and updated report containing the following information with respect to its campus security policies and campus crime statistics:

"(A) a statement of current campus policies regarding procedures and facilities for students and others to report criminal actions or other emergencies occurring on campus and policies concerning the institution's response to such reports;

"(B) a statement of current policies concerning security and access to campus facilities, and security considerations used in the maintenance of campus facilities;

"(C) a statement of current policies concerning security in campus residences and access to campus residences by students and guests, including a description of the type and frequency of programs designed to inform students and student housing residents about housing security and enforcement procedures;

"(D) a statement of current policies concerning campus law enforcement, including—

"(i) the enforcement authority of security personnel, including their working relationship with State and local police agencies; and

"(ii) policies which encourage accurate and prompt reporting of all crimes to the campus police and the appropriate police agencies;

"(E) statistics concerning the occurrence on campus, during the most recent school year, and during the 2 preceding school years, of the following criminal offenses reported to campus security authorities or local police agencies—

"(i) murder;

"(ii) rape;

"(iii) robbery;

"(iv) aggravated assault;

"(v) burglary;

"(vi) larceny;

"(vii) motor vehicle theft; and

"(viii) arson;

"(F) statistics concerning the number of arrests for the following crimes occurring on campus:

"(i) liquor law violations;

"(ii) drug abuse violations;

"(iii) vandalism;

"(iv) weapons possessions; and

"(v) disorderly conduct;

"(G) a statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws and a description of any alcohol abuse education programs provided by the institution;

"(H) a statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws and a description of any drug abuse education programs provided by the institution; and

"(I) a statement of policy concerning the monitoring through local police agencies and recording of criminal activity at off-campus fraternities and other student organizations which are recognized by the institution.

"(2) Each institution participating in any program under this title shall make timely reports to the campus community on crimes described in paragraph (1)(E) that are reported to campus security or local law police agencies. Such reports shall be distributed through appropriate publications and media to students and employees in a manner that is timely and that will aid in the prevention of similar occurrences.

"(3) Each such institution shall annually submit to the Secretary a copy of the statistics required to be made available under paragraph (1)(E) and (1)(F). The Secretary shall—

"(A) regularly review such statistics and report to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate on campus crime statistics by September 1, 1995; and

"(B) in coordination with representatives of institutions of higher education, periodically survey campus security policies, procedures, and practices implemented by institutions of higher education and disseminate information concerning those policies, procedures, and practices that have proven effective in the reduction of campus crime.

"(4) Nothing in this subsection shall be construed to authorize the Secretary to require particular policies, procedures, or practices by institutions of higher education with respect to campus crimes or campus security.

"(5) For purposes of this subsection, the term 'campus' includes—

"(A) any building or property owned or controlled by the institution of higher education within the same reasonably contiguous geographic area and used by the institution in direct support of, or related to its educational purposes; or

"(B) any building or property owned or controlled by student organizations recognized by the institution.

"(6) The statistics required by subparagraphs (E) and (F) of paragraph (1) shall be compiled in accordance with the definitions used in the uniform crime reporting system of the Justice Department, Federal Bureau of Investigation. Such statistics shall reflect modifications in such definitions as implemented pursuant to the Hate Crime Statistics Act.".

(c) EFFECTIVE DATES.—The amendments made by this section shall take effect on July 1, 1991, except that the requirement of section 485(f)(1) (E) and (F) of the Higher Education Act of 1965 (as amended by this Act) shall be applied to require statistics with respect to school years preceding the date of enactment of this Act only to the extent that data concerning such years is reasonably available.

SEC. 204. DISCLOSURE OF DISCIPLINARY PROCEEDING OUTCOMES TO CRIME VICTIMS.

Section 438(b) of the General Education Provisions Act (20 U.S.C. 1232g(b)) is amended by adding at the end thereof the following new paragraph:

"(6) Nothing in this section shall be construed to prohibit an institution of postsecondary education from disclosing, to an alleged victim of any crime of violence (as that term is defined in section 16 of title 18, United States Code), the results of any disciplinary proceeding conducted by such institution against the alleged perpetrator of such crime with respect to such crime.".

Mr. KENNEDY. Mr. President, today the Senate will consider S. 580, the Student Right-to-Know and Campus Security Act of 1990. This bill passed the Senate as the Student Athlete Right-to-Know Act on February 22, 1990. The House considered the bill, amended it substantially and sent it back to the Senate. In light of comments and criticisms that have been raised about the House passed bill, the Labor Committee has made a number of changes and has prepared a complete substitute that we will consider today.

The bill now has four parts. The first is the Student Athlete Right-to-Know Act. This provision requires colleges and universities that award athletic scholarships to disclose the graduation rate of the students who receive the scholarships. We have made several small changes in the language of this section as it passed the House. The modifications are designed to reduce the reporting burden on colleges and universities. We have also added a provision that lets higher education institutions exclude from the calculation students who enter the Armed Forces, serve on church missions, or participate in foreign affairs programs of the U.S. Government, such as the Peace Corps.

The Student Athlete Right-to-Know Act contains a provision allowing the Secretary of Education to waive the requirements for any college or university that is voluntarily providing information that is substantially comparable to that required by this legislation. The National Collegiate Athletic Association [NCAA] has already agreed to publish the information voluntarily and I hope that the other major athletic organizations will soon follow the NCAA's example.

The House also added a provision to the Senate passed bill that requires all colleges and universities to disclose graduation rates of full-time, degree-seeking students. This means that all college students would know, before deciding which postsecondary education institution to attend, what their chances are of graduating. The Senate amendment includes this provision.

The House bill passed includes provisions requiring the Secretary of Education to develop definitions and a methodology for collecting a much more comprehensive array of information about graduation and job placement rates. While the Labor Committee is generally sympathetic with efforts to provide students and their families with information related to educational outcomes, we believe that the proposed effort will only reveal that collecting such data will be complex, confusing and expensive. Given the extensive requirements for educa-

tion data collection and analysis that the Congress has recently imposed on the Department of Education, the Labor Committee believes that there is no purpose served by developing this methodology. As a result, we have deleted this provision.

The third part of the House bill is the Campus Awareness and Campus Security Act. These provisions would require that colleges and universities publish crime statistics every year so that students and their families may make informed judgments about campus safety. In addition, colleges are required to provide students and employees with information about campus security policies at least once a year.

Crime on college campuses has attracted a great deal of attention in the Senate. Senator SPECTER introduced the Crime Awareness and Campus Security Act of 1989 (S. 1925) and Senator GORE and I introduced the Campus Safety and Security Act of 1989 (S. 1930). The assumption behind these bills is that making this information available will help students decide which institution to attend, will encourage students to take security precautions while on campus, and will encourage higher education institutions to pay careful attention to security considerations.

The provisions included in the Senate's version of S. 580 are designed to ensure that colleges provide information on the incidence of crime and security policies to students and employees and, at the same time, create as modest a paperwork burden as possible on the institutions and the Department of Education. Thus, our legislation requires that institutions provide the information to students as an eligibility condition for Federal student assistance. However, the Senate legislation, unlike the House language, does not require that this data be reported to the U.S. Department of Education.

The Senate bill also requires that institutions provide students with information about such violent crimes as: rape, murder, and aggravated assault. The House bill requires that data be provided to the students on 14 separate categories of crime. We have taken this approach because we believe it is information about violent crime that most concerns students and their families and that is the area where institutions should concentrate their efforts.

Finally, the House bill includes a provision that would allow colleges to disclose the results of campus disciplinary proceedings to victims of violent crimes. Current Federal law prohibits colleges from making this information available to victims. The provision in the House bill—which is included in the Senate amendment—is permissive. Colleges would be allowed to make this information available, but are not required to do so.

One final change is that the Senate amendment has later effective dates than the House bill. The requirements imposed by this legislation are completely new and it is impossible for us to predict the difficulties that may emerge in implementation. As a result, we believe that colleges and universities should have a reasonable length of time to begin gathering and publishing this data. Moreover, the longer timeframe ensures that the Congress and the administration can, if necessary, revise these requirements next year when we reauthorize the Higher Education Act.

In addition to these accountability provisions, S. 580 includes a technical amendment to the Higher Education Act dealing with the calculation of student loan default rates. Every year the Secretary of Education calculates cohort default rates for each higher education institution participating in the Student Loan Program. These calculations are important—institutions with high default rates must prepare default reduction plans and schools with especially high default rates may be ineligible to participate.

The committee has recently become aware of a problem with the fiscal year 1988 default rates. Roughly $400 million in loans formerly serviced by United Education and Software [UES] were inadvertently treated as if they were in repayment. In fact, these loans are in a suspended status during a moratorium to determine which loans are eligible for reinsurance. As a result, since the loans are not technically in default, they are not included in the numerator of the default rate calculation. However, because the loans were assumed to be in repayment, they were included in the denominator of the calculation. Thus, the cohort default rates for some 200 schools are inaccurate.

The provision in this bill amends the Higher Education Act to more clearly define the loans that should be included in the cohort default rate calculation. The bill provides that, in calculating fiscal year default rates under section 435(m) of the HEA, the Department of Education shall include only loans on which a default claim has been paid. In addition, the bill allows the Secretary to exclude any loans from default rate calculations when, due to improper servicing or collection, inclusion of the loans would result in inaccurate cohort default rates.

The Department of Education has already begun the technical work to correct the problem that emerged in the 1988 default rate calculation. We expect the Department to issue the new default rates to the affected schools as soon as possible and to take steps to ensure that these new rates are made effective as soon as possible. The Department of Education has provided technical assistance in the preparation of this provision.

The Student Right-to-Know and Campus Security Act is the product of much hard work. I wish to recognize in particular the commitment of Senator BRADLEY and his legislative director Ken Apfel in shaping this bill. I also wish to commend Senator SPECTER and Senator GORE for their strong efforts on behalf of the campus security provisions. Several members of the Labor Committee should also be commended for their effort. I would like to recognize Senator PELL and Charlie Bouthot of his staff, Senator KASSEBAUM and Becky Voslow of her staff, Senator HATCH and Laurie Chivers of his staff, Senator COCHRAN and Doris Dixon of his staff, and Senator THURMOND and Craig Metz and Kent Talbert from his office. Terry Hartle and Rusty Barbour of the Labor Committee staff both spent long hours working on this bill.

Mr. President, we have considered S. 580 as passed by the House bill with great care and have revised it after consultation with the higher education community and the Department of Education. I believe that this is important legislation and I urge my colleagues to join me in supporting it.

Mr. COCHRAN. Mr. President, earlier this year, Senator BRADLEY and I worked together to reach a compromise on a bill to require the collection of data relating to graduation rates of student athletes by colleges and universities receiving Federal student financial assistance. This bill passed the Senate as part of the President's Excellence Act, S. 695, and later as a free-standing bill, S. 580. This bill requires postsecondary institutions to collect and report information regarding the graduation rates of student athletes, but the Secretary may waive this requirement for those institutions participating in an athletic association or conference that has agreed to collect comparable data.

I opposed this bill in its initial form in committee because I believed it was very intrusive and burdensome on both the reporting institutions and the Department of Education. But, I felt comfortable with the compromise agreement that Senator BRADLEY and I reached shortly after the National Collegiate Athletic Association [NCAA] held its annual meeting and adopted an amendment to its bylaws requiring division I and division II schools to disclose the graduation rates of student athletes. The bill which passed the Senate allows the Secretary to hand over responsibility for collecting these data to the NCAA for division I and II schools and allows other athletic associations and conferences to do the same for their member

institutions. I felt this was a reasonable compromise.

In June, the other body considered S. 580, the Student Right-to-Know Act. The bill they passed bears little resemblance to the bill adopted by the Senate. The House added several new provisions which had not been considered in the Senate.

The House legislation differs from the Senate version in three important aspects: First, the House bill requires institutions to report athletics-related receipts and expenditures which the Secretary of Education will publish; second, the House bill requires the reporting of student-athlete graduation rate data broken down by sport, including football, basketball, baseball, ice hockey, and cross country/track; third, the House bill moves up the effective date, which places the requirement at odds with the dates imposed by the NCAA on its members.

As to the first issue, no hearings were held in either body on the need for reporting data regarding expenditures and receipts, either in the aggregate or on a per sport basis as required by the House version of S. 580. Nor was the cost to individual institutions and to the Federal Government in developing, compiling and reporting these data examined. I believe that requiring collection and reporting of such financial information is totally inappropriate and beyond the scope of Federal authority. The fact that Federal dollars provide students with assistance to attend a postsecondary institution does not justify our prying into every aspect of an institution's day-to-day operation.

Additionally, I am told by the NCAA that this information is already available to institutional trustees and, in the case of public institutions, State legislatures. The NCAA reviews and approves the intercollegiate budgets of member institutions, and an independent audit of the athletics department is conducted annually for division I schools and every 3 years for division II schools. I see no reason for involving the Federal Government in this process, especially when any such reporting regime would require creation of uniform Federal reporting rules and expenditure of scarce Federal education dollars for Federal staffing to ensure accurate and complete reporting.

With respect to the reporting of graduation rates for individual sports, I see no need to put institutions to the expense of compiling separate data for these sports. The Senate bill required reporting of data on football, basketball, and all other sports combined. The fact that more than twice as many football and basketball scholarships are awarded as for the other three sports, suggests that reporting of graduation rate data for the first two sports is more significant than for the other three. Under the Senate legislation, prospective students will have the benefit of graduation rate data on a combined basis for all sports in addition to separate breakouts for football and basketball. Our intention is to allow students to make an informed choice regarding their education. The Senate passed bill does this without placing an unnecessary burden on post secondary institutions.

Finally, the July 1, 1991, effective date is unreasonable and unnecessary. The Senate effective date of October 1, 1992, with the first report due a year later, is consistent with the NCAA self-imposed requirement and should be retained.

Further changes in the Senate-passed bill include the addition of a costly and potentially fruitless study to be conducted by the Department of Education. This study would require the Department to develop a formula for post secondary institutions to report the graduation rates of all students, broken down by program and field of study; individual school or academic division within the institution; rate at which graduates of the institution pass applicable licensure or certification exams; and the rate at which graduates of occupationally specific programs at the institution obtain employment in the occupation for which they are trained.

I oppose the inclusion of this study. The post secondary institutions in Mississippi tell me this is information they just do not have. I am also concerned about the costs, which have not yet been determined. A study of this magnitude would undoubtedly be expensive, and the bill does not authorize a penny for it. The completion date for the study, a year from now, is totally unrealistic, and even if the Department were able to come up with a way to collect this information, I am not sure we would want them to collect it.

In addition, the House has added the Crime Awareness and Campus Security Act to the bill. The Senate has not held hearings to examine the incidence of crime on our Nation's campuses or the need for Federal action to require institutions to report crime statistics. However, I am aware that in Mississippi the eight public institutions already make this information available in a manner that is both thoughtful and reasonable. The House bill, while well-intentioned, goes beyond what is necessary to make students and their families aware of crime problems on college campuses.

The bill under consideration today is a revised version of S. 580 as passed by the Senate earlier this year. It will be returned to the other body, where I hope it will be adopted. An attempt has been made to address in a responsible way the issues raised by the House. Generally, this bill retains the original Student Right-to-Know Act as passed by the Senate, deletes the study on graduation rates for all students, and modifies the Crime Awareness and Campus Security provisions to require institutions to make information on serious crimes available to their students.

I regard this bill as a substantial improvement over the House alternative, and I urge its adoption.

Mr. GORE. Mr. President, today I am very pleased to join the distinguished chairman of the Senate Committee on Labor and Human Resources in supporting the Student Right-To-Know and Campus Security Act. This legislation will make available crucial information concerning student athlete graduation rates and campus crime and security policies and statistics to students attending post-secondary institutions in this country.

Last November, I, along with Senator KENNEDY, introduced the Campus Safety and Security Act, which addresses the urgent need to heighten student and employee awareness of what's happening where they live and work. I am pleased that the substitute bill that Senator KENNEDY offers today includes a significant portion of the Campus Safety and Security Act. As the incidence of crime on college campuses has risen in recent years, it has become apparent that action must be taken to make our campuses safer for our Nation's young people.

It is no secret that crime rates have grown at an alarming pace the last few years. Each time we open a newspaper or turn on the television, we are reminded of the figures and the reality behind them—people are being killed, lives are being destroyed, and businesses and neighborhoods are being threatened. In recent weeks, we have all been shocked and saddened by the brutal slayings of five college students in off-campus apartments in Gainsville, FL.

At first glance, college campus appears to offer students the security and comfort of home. Many students consider their college environment to be as safe as their own backyard.

Unfortunately, the fact is that the college campuses and surrounding areas are as vulnerable to crime as any other environment. The Carnegie Foundation for the Advancement of Teaching revealed in its recent report, "Campus life: In Search of a Community," that one in four student affairs officers, responding to a survey conducted by the foundation, state that crime on their campuses has risen during the last 5 years. According to the report, students are responsible for 78 percent of sexual assaults on campus. In fact, a recent Towson State study reports that much of the crime committed on college campuses is committed by students.

Many of campus crimes are petty thefts and other relatively minor acts; but some of these crimes have tragic consequences. A student named Tom Baer was fatally stabbed at a fraternity house in Tennessee. A young woman, Jeanne Cleary, in Pennsylvania was awakened in her campus dormitory room by another student who was robbing the room. He then brutally attacked, sexually assaulted and killed her.

Tragedies such as these have shaken public consciousness and caused students, parents, and other concerned citizens, on and off campus, to unite in demanding that steps be taken to prevent such brutal acts from happening again. Howard and Constance Cleary, the parents of the young woman killed in Pennsylvania, last year devoted themselves to passing a Pennsylvania law that now ensures college employees and students are aware of crimes committed on their campus and the school's security policies. Tom Baer's parents helped draft and pass a similar law in my home State of Tennessee. I have had the opportunity to meet with both families and am deeply inspired by their commitment to this issue.

Many colleges and universities are becoming more aggressive in improving security on campus. The Carnegie Foundation report chronicles many different accounts of better lighting, escort services, emergency phone systems and strengthened police forces.

The State laws and individual institutional initiatives are important steps, but we are a long way from solving the problem. There is a strong need for basic uniformity in requirements and standards because the problem still exists.

Two daughters of a friend of mine tried to get information about all types of crimes on their college campus, as part of an educational program on self-defense. They were told they could not have this information. Crimes themselves are tragic enough, especially when the victims are young people. But to deny college students information that would help them protect themselves only serves to make the situation worse.

Since introducing campus crime legislation last fall, I have heard from parents and young people from around the country whose lives have been impacted by crime on campus. Each person asks, "What can we do to make these campuses safer for our children or friends or classmates?" There is no easy answer. But, it is clear that a strong defense is knowledge of what is happening in one's environment.

As a father myself, I want my children to grow up understanding that they need to take precautions. And I want them to grow up with the right to find out what they need to know to protect themselves.

The Student Right-To-Know and Campus Security Act amends the Higher Education Act to require colleges and universities throughout the Nation to compile an annual report which provides statistics for violent crimes committed against students for the most recent academic year and campus security policies. The institution must make this information available to students, employees and applicants for enrollment.

This bill seeks to better equip students with knowledge of crime prevention through informing them of current campus security policies, procedures and practices, including information concerning security for campus facilities; campus law enforcement; a description of policies that encourage students and employees to report criminal actions promptly and accurately to campus and local police; and, a description of programs designed to inform students and employees about the frequency of crimes and crime prevention.

Central to fostering a safer environment for young people is the institution's duty to warn students about possible dangers on campus. With proper warning, an individual is more likely to take extra measures to ensure his or her personal safety. I believe that the knowledge of crime on and off campus committed against students will encourage victims to report any violation of their rights.

Many institutions and some State legislatures have taken great steps to heighten students' and employees' knowledge of crime committed on campus and taken other preventative actions to ensure campus safety. However, not all institutions are willing to provide this information, much less encourage students and employees to obtain it. This legislation will bring uniformity to campus crime statistic disclosure requirements at postsecondary institutions throughout the United States.

Upon passage of this bill, we will be one step closer to making safer the campuses of our Nation's colleges and universities. It is my hope that along with new State laws, it will encourage institutions to take assertive action to protect their students and employees.

I join Senator KENNEDY in supporting passage of this bill.

Mr. SPECTER. Mr. President, as the sponsor of S. 1925, the Crime Awareness and Campus Security Act of 1989, I am pleased to cosponsor this amendment with Senator KENNEDY as an important first step in the direction of improving campus security standards and awareness nationwide.

The amendment we are considering today to S. 580 includes provisions similar to my bill to require colleges and universities that participate in Federal student assistance programs to report campus crime statistics. The legislation would require that such reports be sent to all current students and employees as means of deterring campus crime. These reports must include a detailed description of current campus security procedures and practices and statistics concerning the occurrence of violent crimes against students, such as murder, rape, robbery and aggravated assault. Recognizing the occurrence of crimes against students while off-campus, the report must also state the school's policy concerning the monitoring through local police agencies criminal activities at off-campus housing.

My bill is based on a Pennsylvania law enacted in 1988, that requires all colleges and universities to report, for a 3-year period, campus crime statistics to the students, faculty, campus employees and the State police. It also requires a description of the type of security provided. The Pennsylvania law was due in large part to the efforts of Connie and Howard Clery, whose daughter was brutally raped and murdered by a fellow student at Lehigh University. In order to avoid the recurrence of such tragedies, the Clerys have established Security on Campus, Inc., an organization dedicated to making parents and students aware of the magnitude of criminal activity on college campuses.

Although several States, including Tennessee, Florida, and Louisiana, have followed Pennsylvania's lead in requiring colleges to report campus crime statistics, there is no comparable system on the national level.

Recent reports indicate that violence on college campuses is an increasing problem. According to a 1987 comprehensive survey of campus crime by U.S. Today, in that year, 31 students were killed on campuses throughout the country. The same year, more than 1,800 students were victims of armed robbery. Also, 653 rapes were reported in 1987, a figure which experts consider a modest estimate. Officials also estimate that rape has surpassed theft as the principal security concern at colleges and universities around the country. Overall, 80 percent of campus crimes are committed by students and 95 percent are alcohol and drug related.

I believe that until a uniform system is available, we need to recognize the scope of campus crime. More importantly, we need to inform the people who are closest to the problem—students and their parents.

Although in recent years, many institutions have established crime prevention measures to increase campus security, there also is an indication that when rapes and other violent crimes occur on campuses, campus security officers may be inclined to discourage making such information

known or available to the public or the campus community.

I believe that public awareness of campus crimes will help awaken parents and students to the reality of modern campus life. This awareness, in turn, will help students to be more careful in observing security precautions. Security is not just the responsibility of school administrators, it is everyone's responsibility. Working together, parents, students, and colleges can most effectively fight campus crime.

Recent events in Gainesville, FL, stress the need for such legislation. As we are sadly aware, four female students and one male student recently were murdered in Gainesville, setting off a call for more campus security. These murders, subsequently, occurred off-campus, and not subject to crime statistic reports by the University of Florida and Santa Fe Community College where the victims were students. The provisions of the amendment before us provides that educational institutions report all crimes committed against students regardless of whether they occur on campus.

Mr. President, it is unfortunate that this Nation needed the tragic murder of five college students in Gainesville, FL to move this important legislation forward.

Accordingly, I urge my colleagues to join me in support of preventing campus crime through enhanced awareness.

Mr. PELL. Mr. President, among the important provisions before us today is a measure requiring the Secretary of Education to work with the National Junior College Athletic Association to develop reporting requirements appropriate for athletic programs at 2-year colleges.

The academic goals of students at 2-year colleges are diverse. Many students enter junior and community colleges with the intention of terminating their studies when they receive their associate's degree. Others enter only to try their hand at postsecondary education. Still others plan to work towards a bachelor's degree.

Because of this diversity of purpose, the measures of student completion rates set forth in this bill may not be appropriate at 2-year schools. For example, in my home State of Rhode Island, it is not uncommon for students at the community college who intend to pursue a bachelor's degree to follow an academic program more suited to a bachelor's degree than an associate's degree. Therefore, although these students complete two years of academic work, they do not actually receive a degree from the community college. Such students are technically noncompleters.

A similar situation exists for transfer students. One of the primary missions of 2-year colleges is to help students try their hand at pursuing a postsecondary education. Many enroll at such schools, build confidence in themselves and an interest in a particular field, and then transfer to another school.

The bill before us recognizes the special mission of 2-year colleges by requiring the Secretary to work with the National Junior College Athletic Association to develop appropriate reporting mechanisms for their sector. This requirement should guarantee that the unique educational needs of the community college are not compromised by this legislation.

AMENDMENT NO. 2663

(Purpose: To amend the Higher Education Act of 1965 regarding the disclosure of certain institutional and financial assistance information for students, and for other purposes)

Mr. BRYAN. Mr. President, I move that the Senate concur in the amendment of the House with an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. BRYAN] for Mr. KENNEDY, proposes an amendment numbered 2663.

Mr. BRYAN. 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 all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Student Right-to-Know and Campus Security Act".

TITLE I—STUDENT AND STUDENT ATHLETE RIGHT-TO-KNOW

SEC. 101. SHORT TITLE.

This title may be cited as the "Student Right-to-Know Act".

SEC. 102. FINDINGS.

The Congress finds that—

(1) education is fundamental to the development of individual citizens and the progress of the Nation as a whole;

(2) there is increasing concern among citizens, educators, and public officials regarding the academic performance of students at institutions of higher education;

(3) a recent study by the National Institute of Independent Colleges and Universities found that just 43 percent of students attending four-year public colleges and universities and 54 percent of students entering private institutions graduated within six years of enrolling;

(4) the academic performance of student athletes, especially student athletes receiving football and basketball scholarships, has been a source of great concern in recent years;

(5) prospective students and prospective student athletes should be aware of the educational records and commitments of an institution of higher education; and

(6) knowledge of graduation rates would help prospective students and prospective student athletes make an informed judgment about the educational benefits available at a given institution of higher education.

SEC. 103. ADDITIONAL GENERAL DISCLOSURE REQUIREMENTS RELATING TO GRADUATION.

(a) DISCLOSURE OF GRADUATION RATES.—Section 485(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1092(a)(1)) (hereafter in this Act referred to as the "Act") is amended—

(1) by striking "and" at the end of subparagraph (J);

(2) by striking the period at the end of subparagraph (K) and inserting "; and"; and

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

"(L) the graduation rate of certificate- or degree-seeking, full-time students entering such institution.".

(b) CONSTRUCTION OF DISCLOSURE REQUIREMENTS.—Section 485(a) of the Act (20 U.S.C. 1092(a)) is further amended by adding at the end the following new paragraphs:

"(3) For purposes of this section, the term 'graduation rate' means the percentage of students with no previous collegiate participation who enter the institution as certificate- or degree-seeking full-time students and, within 150 percent of the standard time for completion of the program, have completed the program, or enrolled in any program of an eligible institution for which the prior program provides substantial preparation.

"(4) The information required to be disclosed under subparagraph (L)—

"(A) shall be available beginning on October 1, 1993, and each year thereafter to current and prospective students prior to enrolling or entering into any financial obligation;

"(B) shall cover the 1-year period ending on September 30 of the preceding year; and

"(C) shall be updated not less often than biennially.

"(5) For purposes of this section, institutions may exclude from the information disclosed in accordance with subparagraph (L) the completion rates of students who leave school to serve in the armed services, on official church missions, or with a recognized foreign aid service of the Federal Government.".

SEC. 104. REPORTING REQUIREMENTS FOR INSTITUTIONS OF HIGHER EDUCATION.

(a) INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.—Section 485 of the Act (20 U.S.C. 1092) is further amended by adding at the end thereof the following new subsection:

"(e) DISCLOSURES REQUIRED WITH RESPECT TO ATHLETICALLY RELATED STUDENT AID.—(1) Each eligible institution participating in any program under this title and that is attended by students receiving athletically related student aid shall annually submit a report to the Secretary that contains—

"(A) the number of students, broken down by race and sex, at the institution of higher education who received athletically related student aid to participate in—

"(i) basketball;

"(ii) football; and

"(iii) all other sports combined;

"(B) the number of students, broken down by race and sex, at the institution of higher education;

"(C) the graduation rate, broken down by race and sex, for students at the institution of higher education who received athletically related student aid to participate in—

"(i) basketball;
"(ii) football; and
"(iii) all other sports combined;
"(D) the graduation rate, broken down by race and sex, for students at the institution of higher education;
"(E) the average graduation rate, broken down by race and sex, for the 4 most recent graduating classes of students at the institution of higher education who received athletically related student aid to participate in—
"(i) basketball;
"(ii) football; and
"(iii) all other sports combined; and
"(F) the average graduation rate, broken down by race and sex, for the 4 most recent graduating classes of students at the institution.

"(2) When an institution described in paragraph (1) of this subsection offers a potential student athlete athletically related student aid, such institution shall provide to the student and the student's parents, guidance counselor, and coach the information contained in the report submitted by such institution pursuant to paragraph (1).

"(3) For purposes of this subsection, institutions may exclude from the reporting requirements under paragraphs (1) and (2) the graduation rates of students and student athletes who leave school to serve in the armed services, on official church missions, or with a recognized foreign aid service of the Federal Government.

"(4) Each institution of higher education described in paragraph (1) may provide supplemental information to students and the Secretary showing the graduation rate when such graduation rate includes students transferring into and out of such institution.

"(5) The Secretary shall, using the reports submitted under this subsection, compile and publish a report containing the information required under paragraph (1), broken down by—
"(A) individual institutions of higher education; and
"(B) athletic conferences recognized by the National Collegiate Athletic Association and the National Association of Intercollegiate Athletics.

"(6) The Secretary shall waive the requirements of this subsection for any institution of higher education that is a member of an athletic association or athletic conference that has voluntarily published graduation rate data or has agreed to publish data that, in the opinion of the Secretary, is substantially comparable to the information required under this subsection.

"(7) The Secretary, in conjunction with the national Junior College Athletic Association, shall develop and obtain data on graduation rates from two-year colleges that award athletically related student aid. Such data shall, to the extent practicable, be consistent with the reporting requirements set forth in this section.

"(8) For purposes of this subsection, the term 'athletically related student aid' means any scholarship, grant, or other form of financial assistance whose terms require the recipient to participate in a program of intercollegiate athletics at an institution of higher education in order to be eligible to receive such assistance.".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1992, except that the first report to the Secretary of Education shall be due on October 1, 1993.

TITLE II—CRIME AWARENESS AND CAMPUS SECURITY

SEC. 201. SHORT TITLE.

This title may be cited as the "Crime Awareness and Campus Security Act of 1990".

SEC. 202. FINDINGS.

The Congress finds that—
(1) the reported incidence of crime, particularly violent crime, on some college campuses has steadily risen in recent years;
(2) although annual "National Campus Violence Surveys" indicate that roughly 80 percent of campus crimes are committed by a student upon another student and that approximately 95 percent of the campus crimes that are violent are alcohol- or drug-related, there are currently no comprehensive data on campus crimes;
(3) out of 8,000 postsecondary institutions participating in Federal student aid programs, only 352 colleges and universities voluntarily provide crime statistics directly through the Uniform Crime Report of the Federal Bureau of Investigation, and other institutions report data indirectly, through local police agencies or States, in a manner that does not permit campus statistics to be separated out;
(4) several State legislatures have adopted or are considering legislation to require reporting of campus crime statistics and dissemination of security practices and procedures, but the bills are not uniform in their requirements and standards;
(5) students and employees of institutions of higher education should be aware of the occurrence of crime on campus and policies and procedures to prevent crime or to report occurrences of crime;
(6) applicants for enrollment at a college or university, and their parents, should have access to information about crime statistics of that institution and its security policies and procedures; and
(7) while many institutions have established crime preventive measures to increase the safety of campuses, there is a clear need—
(A) to encourage the development on all campuses of security policies and procedures;
(B) for uniformity and consistency in the reporting of crimes on campus; and
(C) to encourage the development of policies and procedures to address sexual assaults and racial violence on college campuses.

SEC. 203. DISCLOSURE OF CAMPUS SECURITY POLICY AND CAMPUS CRIME STATISTICS.

(a) DISCLOSURE REQUIREMENTS.—Section 485 of the Act (20 U.S.C. 1092) is further amended by adding at the end thereof the following new subsection:

"(f) DISCLOSURE OF CAMPUS SECURITY POLICY AND CAMPUS CRIME STATISTICS.—(1) Each eligible institution participating in any program under this title shall prepare, publish, and distribute, through appropriate publications or mailings, to all current students and employees, and to any applicant for enrollment or employment upon request, beginning on October 1, 1992, and each year thereafter, an annual security report containing at least the following information with respect to the campus security policies and campus crime statistics of that institution:

"(A) A detailed description of current campus security procedures and practices, including procedures and facilities for students and employees to report to campus police and local police criminal actions or other crime related emergencies occurring on campus.

"(B) A statement of current policies concerning—

"(i) security and access to campus facilities, including campus residences, and security considerations used in the maintenance of campus facilities; and

"(ii) campus law enforcement, including a description of policies that encourage students and employees to report criminal actions promptly and accurately to the campus police and the local police and a description of the working relationship between the campus police and State and local police agencies.

"(C) A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others.

"(D) A description of programs designed to inform students and employees about the prevention of crimes.

"(E) Statistics concerning the occurrence of violent crimes against students, such as murder, rape, robbery and aggravated assault, during the most recent school year as reported to campus police and local police. Such statistics shall include such crimes committed against students while in attendance at the institution, regardless of whether the crimes occurred on campus.

"(F) A statement of policy concerning local police agency monitoring and recording of criminal activity at off-campus housing of student organizations recognized by the insitution that is engaged in by students attending the institution.

"(2) Nothing in this subsection shall be construed to authorize the Secretary to require particular policies, procedures, or practices by institutions of higher education with respect to campus crimes or campus security.".

(b) PROGRAM PARTICIPATION AGREEMENT REQUIREMENTS.—Section 487(a) of the Act (20 U.S.C. 1094(a)) is amended by adding at the end thereof the following new paragraph:

"(12) The institution certifies that—
"(A) the institution has established a campus security policy; and
"(B) the institution has complied with the disclosure requirements of section 485(f).".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1992.

SEC. 204. DISCLOSURE OF DISCIPLINARY PROCEEDING OUTCOMES TO CRIME VICTIMS.

Section 438(b) of the General Education Provisions Act (20 U.S.C. 1232g(b)) is amended by adding at the end thereof the following new paragraph:

"(6) Nothing in this section shall be construed to prohibit an institution of postsecondary education from disclosing, to an alleged victim of any crime of violence (as that term is defined in section 16 of title 18, United States Code), the results of any disciplinary proceeding conducted by such institution against the alleged perpetrator of such crime with respect to such crime.".

TITLE III—CALCULATION OF DEFAULT RATES

SEC. 301. CALCULATION OF DEFAULT RATES.

Section 435 of the Act (20 U.S.C. 1085) is amended—

(1) in subsection (l), by striking out "The term" and inserting in lieu thereof "Except

as provided in subsection (m), the term"; and

(2) in subsection (m), by inserting immediately after the first sentence the following: "In determining the number of students who default before the end of such fiscal year, the Secretary shall include only loans for which the Secretary or a guaranty agency has paid claims for insurance, and, in calculating the cohort default rate, exclude any loans as to which the Secretary has reason to believe that, due to improper servicing or collection of such loans, the inclusion of such loans would not result in an accurate or complete calculation of the cohort default rate.".

The PRESIDING OFFICER. The question is on agreeing to the moton.

The motion was agreed to.

Mr. BRYAN. Mr. President, I move to reconsider the vote by which the motion was agreed to.

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

The motion to lay on the table was agreed to.

ROUTE 66 STUDY ACT OF 1990

Mr. BRYAN. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 963.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 963) entitled "An Act to authorize a study on methods to commemorate the nationally significant highway known as Route 66, and for other purposes", do pass with the following amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Route 66 Study Act of 1990".

SEC. 2. FINDINGS.

The Congress finds that—

(1) United States Route 66, the 2,000 mile highway from Chicago, Illinois, to Santa Monica, California, played a significant role in the 20th-century history of our Nation, including the westward migration from the Dust Bowl and the increase in tourist travel;

(2) Route 66, an early example of the 1926 National Highway System program, transverses the States of Illinois, Missouri, Kansas, Oklahoma, Texas, New Mexico, Arizona, and California;

(3) Route 66 has become a symbol of the American people's heritage of travel and their legacy of seeking a better life and has been enshrined in American popular culture;

(4) although the remnants of Route 66 are disappearing, many structures, features, and artifacts of Route 66 remain; and

(5) given the interest by organized groups and State governments in the preservation of features associated with Route 66, the route's history, and its role in American popular culture, a coordinated evaluation of preservation options should be undertaken.

SEC. 3. STUDY AND REPORT BY THE NATIONAL PARK SERVICE.

(a) STUDY.—(1) The Secretary of the Interior, acting through the Director of the National Park Service and in cooperation with the respective States, shall coordinate a comprehensive study of United States Route 66. Such study shall include an evaluation of the significance of Route 66 in American history, options for preservation and use of remaining segments of Route 66, and options for the preservation and interpretation of significant features associated with the highway. The study shall consider private sector preservation alternatives.

(2) The study shall include participation by representatives from each of the States traversed by Route 66, the State historic preservation offices, representatives of associations interested in the preservation of Route 66 and its features, and persons knowledgeable in American history, historic preservation, and popular culture.

(b) REPORT.—Not later than two years from the date that funds are made available for the study referred to in subsection (a), the Secretary shall transmit such study to the Committee on Energy and Natural Resources of the United States Senate and the Committee on Interior and Insular Affairs of the United States House of Representatives.

(c) LIMITATION.—Nothing in this Act shall be construed to authorize the National Park Service to assume responsibility for the maintenance of United States Route 66.

SEC. 4. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $200,000 to carry out the provisions of this Act.

Mr. DOMENICI. Mr. President, I urge the Senate to approve the Route 66 Study Act, S. 963, as amended by the House of Representatives. This bill, which I introduced, will direct the National Park Service to conduct a feasibility study to determine the best ways to preserve and interpret America's Main Street, historic U.S. Route 66.

At one time, Route 66, stretching over 2,200 miles from Chicago to Santa Monica, was the most famous highway in America. Officially, designated in 1926, Route 66 became the first completely paved highway across the Western United States in 1938.

Like a modern-day Santa Fe Trail, it carried hundreds of thousands of migrating Americans to the West. It served as the main route for westward migration from the desperation of the Dust Bowl to the opportunity of California during the Depression.

After World War II, another generation of Americans trekked across America on Route 66, not to escape despair, but to embrace opportunity on the economically vibrant west coast.

Route 66 also allowed vacationers to travel to previously remote areas to experience the natural beauty and unusual culture of the Southwest and the Far West.

Route 66 began to decline in significance with the enactment of the Interstate Highway Act in 1956. The interstates replaced roads like Route 66, and Route 66 was abandoned. In 1984, the last federally designated portion of Route 66 was decommissioned when Interstate 40 was completed in Arizona.

Unfortunately, Route 66 is fast fading from the landscape of America, having been superseded by the superhighways. However, one can still see vestiges of the highway and the gas stations, curio shops, restaurants, motels, and other facilities that were situated along the highway to service travelers.

The Route 66 Study Act will direct the National Park Service to study the significance of Route 66, its history, and its place in American culture, and report on ways to preserve what remains of the highway and the facilities associated with it. The study will examine preservation not only by the Government, but by private sector as well. The study group will include representatives of each of the eight States along Route 66, State historic preservation officers, and members of associations involved in preserving Route 66.

This legislation passed the Senate last year and was approved by the House with amendments on July 31. It is now before this body for final approval. The House amendments were technical and clarifying in nature, and I urge the Senate to approve the bill as approved by the House.

Mr. President, I am very excited about the prospect of preserving Route 66. Route 66 was America's Main Street in the early days of automobile transportation. This historic highway defines an era of change and discovery that was and continues to influence our Nation. I hope that the Senate will once again endorse this effort.

Mr. BRYAN. Mr. President, I move that the Senate concur in the amendment of the House.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

Mr. BRYAN. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

EDUCATION OF THE HANDICAPPED ACT AMENDMENTS OF 1990

Mr. BRYAN. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1824.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1824) entitled "An Act to reauthorize the Education of the Handicapped Act, and for other purposes", do pass with the following amendments:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Education of the Handicapped Act Amendments of 1990".

TITLE I—GENERAL PROVISIONS

SEC. 101. DEFINITIONS.

(a) HANDICAPPED CHILDREN.—Section 602(a)(1) of the Education of the Handicapped Act (20 U.S.C. 1402(a)(1)) is amended to read as follows:

"(1) The term 'children with disabilities' means children—

"(A) with mental retardation, hearing impairments including deafness, speech or language impairments, visual impairments including blindness, serious emotional disturbance, orthopedic impairments, autism, traumatic brain injury, other health impairments including attention deficit disorder, or specific learning disabilities; and

"(B) who, by reason thereof, need special education and related services.".

(b) SPECIAL EDUCATION.—Section 602(a)(16) of the Education of the Handicapped Act (20 U.S.C. 1402(a)(16)) is amended by striking "including classroom instruction" and all that follows and inserting the following: "including—

"(A) instruction conducted in the classroom, in the home, in hospitals and institutions, and in other settings; and

"(B) instruction in physical education.".

(c) RELATED SERVICES.—Section 602(a)(17) of the Education of the Handicapped Act (20 U.S.C. 1402(a)(17)) is amended—

(1) by striking "recreation," and inserting "recreation including therapeutic recreation, social work services,"; and

(2) by inserting "including rehabilitation counseling," after "counseling services,".

(d) TRANSITION SERVICES.—Section 602(a) of the Education of the Handicapped Act (20 U.S.C. 1401(a)) is amended by redesignating paragraphs (19) through (23) as paragraphs (20) through (24), respectively, and by inserting after paragraph (18) the following new paragraph:

"(19) The term 'transition services' means a coordinated set of activities for a student, designed within an outcome-oriented process, which promotes movement from school to integrated employment (including supported employment), post-secondary education, vocational training, continuing and adult education, adult services, independent living, or community participation. The coordinated set of activities shall be based upon the individual student's needs, taking into account the student's preferences and interests, and shall include, but not be limited to, instruction, community experiences, the development of employment and other post-school adult living objectives, and when appropriate acquisition of daily living skills and functional vocational evaluation.".

(e) INDIVIDUALIZED EDUCATION PROGRAM.—Section 602(a)(20) of the Education of the Handicapped Act, as redesignated by subsection (d) of this section, is amended by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively, and by inserting after subparagraph (C) the following new subparagraph:

"(D) a statement of the needed transition services for students beginning no later than age 16 and annually thereafter (and when determined appropriate for the individual, beginning at age 14 or younger), including when appropriate, a statement of the interagency reponsibilities or linkages (or both) before the student leaves the school setting,".

(f) PUBLIC OR PRIVATE NONPROFIT AGENCY OR ORGANIZATION.—Section 602(a)(24)(A) of the Education of the Handicapped Act, as redesignated by subsection (d) of this section, is amended by inserting before the period the following: "and the Bureau of Indian Affairs of the Department of the Interior (when acting on behalf of schools operated by the Bureau for children and students on Indian reservations) and tribally controlled schools funded by the Department of Interior".

(g) ASSISTIVE TECHNOLOGY DEVICE.—Section 602(a) of the Education of the Handicapped Act, as amended by subsection (d) of this section, is amended by adding at the end the following new paragraph:

"(25) The term 'assistive technology device' means any item, piece of equipment, or product system, whether acquired commercially off the shelf, modified, or customized, that is used to increase, maintain, or improve functional capabilities of individuals with disabilities.".

(h) ASSISTIVE TECHNOLOGY SERVICE.—Section 602(a) of the Education of the Handicapped Act, as amended by subsection (g) of this section, is amended by adding at the end the following new paragraph:

"(26) The term 'assistive technology service' means any service that directly assists an individual with a disability in the selection, acquisition, or use of an assistive technology device. Such term includes—

"(A) the evaluation of the needs of an individual with a disability, including a functional evaluation of the individual in the individual's customary environment;

"(B) purchasing, leasing, or otherwise providing for the acquisition of assistive technology devices by individuals with disabilities;

"(C) selecting, designing, fitting, customizing, adapting, applying, maintaining, repairing, or replacing of assistive technology devices;

"(D) coordinating and using other therapies, interventions, or services with assistive technology devices, such as those associated with existing education and rehabilitation plans and programs;

"(E) training or technical assistance for an individual with disabilities, or, where appropriate, the family of an individual with disabilities; and

"(F) training or technical assistance for professionals (including individuals providing education and rehabilitation services), employers, or other individuals who provide services to, employ, or are otherwise substantially involved in the major life functions of individuals with disabilities.".

SEC. 102. ABROGATION OF STATE SOVEREIGN IMMUNITY.

Part A of the Education of the Handicapped Act (20 U.S.C. 1400 et seq.) is amended by inserting after section 603 the following new section:

"ABROGATION OF STATE SOVEREIGN IMMUNITY

"SEC. 604. (a) A State shall not be immune under the eleventh amendment to the Constitution of the United States from suit in Federal court for a violation of this Act.

"(b) In a suit against a State for a violation of this Act, remedies (including remedies both at law and in equity) are available for such a violation to the same extent as such remedies are available for such a violation in the suit against any public entity other than a State.

"(c) The provisions of subsections (a) and (b) shall take effect with respect to violations that occur in whole or part after the date of the enactment of the Education of the Handicapped Act Amendments of 1990.".

SEC. 103. REPORTS, EVALUATIONS, FINDINGS, AND OTHER PROVISIONS GENERALLY APPLICABLE TO PARTS C THROUGH G.

Part A of the Education of the Handicapped Act (20 U.S.C. 1400 et seq.) is amended by adding at the end the following new section:

"ADMINISTRATIVE PROVISIONS APPLICABLE TO PARTS C THROUGH G AND SECTION 618

"SEC. 610. (a) The Secretary shall maintain a program planning process for the implementation of each of the programs authorized under section 618 and parts C through G. The process shall include the establishment of goals, objectives, strategies, and priorities. In conducting the process, the Secretary shall involve individuals with disabilities, parents, professionals, and representatives of State and local educational agencies, private schools, institutions of higher education, and national organizations who have interest and expertise in the program.

"(b) The Secretary shall conduct directly, or by contract or cooperative agreement with appropriate entities, independent evaluations of the programs authorized under section 618 and under parts C through G, and may for such purpose use funds appropriated to carry out such provisions. The findings of the evaluators shall be utilized in the planning process under subsection (a) for the purpose of improving the programs. The evaluations shall determine the degree to which the program is being conducted consistent with the program plan and meeting its goals and objectives. The Secretary shall submit to the appropriate committees of the Congress the results of the evaluations required by this subsection.

"(c) The Secretary shall report the program plans required in subsection (a) and findings from the evaluations under subsection (b) in the annual report to the Congress required under section 618.

"(d) The Secretary shall develop effective procedures for acquiring and disseminating information derived from programs and projects funded under parts C through G, as well as information generated from studies conducted and data collected under section 618.

"(e) The Secretary shall, where appropriate, require recipients of grants, contracts, or cooperative agreements under section 618 and parts C through G to prepare reports describing their procedures, findings, and other relevant information in a form that will maximize their dissemination and use and shall require their delivery, as appropriate, to the Regional and Federal Resource Centers, the Clearinghouses, and the Technical Assistance to Parents Programs (TAPP) assisted under parts C and D of this Act, as well as the National Diffusion Network, the ERIC Clearinghouse on the Handicapped and Gifted, and the Child and Adolescent Service Systems Program (CASSP) under the National Institute of Mental Health, and such other networks as the Secretary may determine to be appropriate.

"(f)(1) The Secretary shall convene, in accordance with paragraph (2), panels of experts who are competent, by virtue of their training or experience, to evaluate proposals under section 618 and parts C through G.

"(2) Panels under paragraph (1) shall be composed of individuals with disabilities, parents of such individuals, individuals from the fields of special education, related services, and other relevant disciplines.

"(3) The Secretary shall convene panels under paragraph (1) for any application that includes a total funding request exceed-

ing $60,000 and may convene or otherwise appoint panels for applications that include funding requests that are less than such amount.

"(4) Panels under paragraph (1) shall include a majority of non-Federal members. Such non-Federal members shall be provided travel and per diem not to exceed the rate provided to other educational consultants used by the Department of Education and shall be provided consultant fees at such a rate.

"(5) The Secretary may use funds available under section 618 and parts C through G to pay expenses and fees of non-Federal members of the panels.

"(g) GOALS FOR MINORITIES AND UNDERSERVED PERSONS.—(1) With respect to the discretionary programs authorized by parts C through G, the Congress finds as follows:

"(A)(i) The Federal Government must be responsive to the growing needs of an increasingly more diverse society. A more equitable allocation of resources is essential for the Federal Government to meet its responsibility to provide an equal educational opportunity for all individuals.

"(ii) America's racial profile is rapidly changing. While the rate of increase for white Americans is 3.2 percent, the rate of increase for racial and ethnic minorities is much higher: 38.6 percent for Hispanics, 14.6 percent for African-Americans, and 40.1 percent for Asians and other ethnic groups.

"(iii) By the year 2000, this Nation will have 260,000,000 people, one of every three of whom will be either African-American, Hispanic, or Asian-American.

"(iv) Taken together as a group, it is a more frequent phenomenon for minorities to comprise the majority of public school students. Large city school populations are overwhelmingly minority, e.g., Miami, 71 percent; Philadelphia, 73 percent; Baltimore, 80 percent.

"(v) Recruitment efforts within special education at the level of preservice, continuing education, and practice must focus on bringing larger numbers of minorities into the profession in order to provide appropriate practitioner knowledge, role models, and sufficient manpower to address the clearly changing demography of special education.

"(vi) The limited English proficient population is the fastest growing in our Nation, and the growth is occurring in many parts of our Nation. In the Nation's 2 largest school districts limited-English students make up almost half of all students initially entering school at the kindergarten level. Studies have documented apparent discrepancies in the levels of referral and placement of limited-English proficient children in special education. The Department of Education has found that services provided to limited-English proficient students often do not respond primarily to the pupil's academic needs. These trends pose special challenges for special education in the referral, assessment, and services for our Nation's students from non-English language backgrounds.

"(B)(i) Greater efforts are needed to prevent the intensification of problems connected with mislabeling and high dropout rates among minority children with disabilities.

"(ii) More minority children continue to be served in special education that would be expected from the percentage of minority students in the general school population.

"(iii) Poor African-American children are 3.5 times more likely to be identified by their teacher as mentally retarded than their white counterpart.

"(iv) Although African-Americans represent 12 percent of elementary and secondary enrollments, they constitute 28 percent of total enrollments in special education.

"(v) The drop out rate is 68 percent higher for minorities than for whites.

"(vi) More than 50 percent of minority students in large cities drop out of school.

"(C)(i) The opportunity for full participation in awards for grants and contracts; boards of organizations receiving funds under this Act; and peer review panels; and training of professionals in the area of special education by minority individuals, organizations, and historically Black colleges and universities is essential if we are to obtain greater success in the education of minority children with disabilities.

"(ii) In 1989, of the 661,000 college and university professors, 4.6 percent were African-American and 3.1 percent were Hispanic. Of the 3,600,000 teachers, prekindergarten through high school, 9.4 percent were African-American and 3.9 percent were Hispanic.

"(iii) Students from minority groups comprise more than 50 percent of K–12 public school enrollment in seven States yet minority enrollment in teacher training programs is less than 15 percent in all but six States.

"(iv) As the number of African-American and Hispanic students in special education increases, the number of minority teachers and related service personnel produced in our colleges and universities continues to decrease.

"(v) Ten years ago, 12.5 percent of the United States teaching force in public elementary and secondary schools were members of a minority group. Minorities comprised 21.3 percent of the national population at that time and were clearly underrepresented then among employed teachers. Today, the elementary and secondary teaching force is 3 to 5 percent minority, while one-third of the students in public schools are minority children.

"(vi) As recently as 1984–85, Historically Black Colleges and Universities (HBCUs) supplied nearly half of the African-American teachers in the Nation. However, in 1988, HBCUs received only 2 percent of the discretionary funds for special education and related services personnel training.

"(vii) While African-American students constitute 28 percent of total enrollment in special education, only 11.2 percent of preservice special education teachers are African-American.

"(viii) In 1986–87, of the degrees conferred in education at the B.A., M.A., and Ph.D levels, only 6, 8, and 8 percent, respectively, were awarded to African-American or Hispanic students.

"(D) Minorities and underserved persons are socially disadvantaged because of the lack of opportunities in training and educational programs, undergirded by the discriminatory practices in the private sector that impede their full participation in the mainstream of society.

"(2) That these conditions can be greatly improved by providing opportunities for the full participation of minorities through the implementation of the following recommendations:

"(A) Implementation of a policy to mobilize the Nation's resources to prepare minorities for careers in special education and related services.

"(B) This policy should focus on—

"(i) the recruitment of minorities into teaching; and

"(ii) financially assisting HBCUs and other institutions of higher education (whose minority student enrollment is at least 25 percent) to prepare students for special education and related service careers.

"(C)(i) With respect to entities described in clause (ii), establishing the highest priority in each of the fiscal years 1991 through 1994 for awarding to such entities grants, contracts, and cooperative agreements that are authorized in any of parts C through G for purposes of research, training, technical assistance, dissemination of information, development, demonstration, or other activities.

"(ii) The entities referred to in clause (i) are applicants for grants, contracts, and cooperative agreements under any of parts C through G that—

"(I) have appropriate qualifications for conducting the activity for which the financial assistance is to be provided; and

"(II) have expertise in, and a record of, successfully recruiting, retaining, graduating, and promoting minority individuals and individuals with disabilities.

"(D)(i) The Secretary shall develop a plan for providing outreach services to the entities described in clause (ii) in order to increase the participation of such entities in competitions for grants, contracts, and cooperative agreements under any of parts C through G.

"(ii) The entities referred to in clause (i) are—

"(I) Historically Black Colleges and Universities and other institutions of higher education whose minority student enrollment is at least 25 percent;

"(II) minority institutions (as defined in the Higher Education Act of 1965);

"(III) nonprofit and for-profit agencies at least 51 percent owned or controlled by one or more minority individuals; and

"(IV) underrepresented populations.

"(iii) For the purpose of implementing the plan required in clause (i), the Secretary shall, for each of the fiscal years 1991 through 1994, expend 1 percent of the funds appropriated for the fiscal year involved for carrying out parts C through G.

"(3) The Secretary shall exercise his/her utmost authority, resourcefulness, and diligence to meet the requirements of this subsection.

"(4) Not later than January 31 of each year, starting with fiscal year 1991, the Secretary shall submit to Congress a final report on the progress toward meeting the agreements of this subsection during the preceding fiscal year. The report shall include—

"(i) a full explanation of any progress toward meeting the requirements of this subsection;

"(ii) a plan to meet the requirements, if necessary; and

"(iii) a description of the percentage of contracts, grants, and cooperative agreements, the total dollar amount, and the number of different entities relative to the requirement of this subsection.

"(5) For purposes of this Act:

"(i) The term 'minority' means—

"(I) persons who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities, such as African-Americans, Hispanic Americans, Native Americans, and Asian Americans, and

"(II) individuals with disabilities.

"(ii) The term 'underserved' means populations such as minorities, the poor, and the limited-English proficient.".

TITLE II—ASSISTANCE FOR EDUCATION OF ALL HANDICAPPED INDIVIDUALS

SEC. 201. SETTLEMENTS AND ALLOCATIONS.

Section 611(f) of the Education of the Handicapped Act (20 U.S.C. 1411(f)) is amended—

(1) in paragraph (1), in the first sentence, by inserting "(A)" after "reservations" and by inserting before the period the following: ", and (B) for whom services were provided through contract with an Indian tribe or organization prior to fiscal year 1989"; and

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

"(3) Before March 1, 1991, the Secretary of the Interior shall submit to the appropriate Committees of the Congress a plan for the provision of services under this Act to all handicapped children residing on reservations, whether or not such reservation is served by a B.I.A. funded school. Such plan shall provide for the coordination of services benefiting these children from whatever source, including but not limited to, Tribe(s), the State in which the child resides and entities of such State, the Indian Health Service, other B.I.A. divisions and other Federal agencies. In developing such a plan, the Secretary shall consult with all interested and involved parties. Such a plan may not be based upon a blanket assumption or interpretation which denies Federal or Interior responsibility for any group(s) or class(es) of children or settings, but shall be based upon the needs of the children and the system best suited for meeting those needs, and may involve the establishment of service agreements between the B.I.A. and other entities.".

SEC. 202. STATE PLANS.

Section 613(a)(3) of the Education of the Handicapped Act (20 U.S.C. 1413(a)(3)) is amended to read as follows:

"(3)(A) set forth, consistent with the purposes of this part, a comprehensive system of personnel development that shall include a description of the plan the State will carry out to ensure an adequate supply of qualified personnel to administer, support, and provide special education and related services to children and youth with disabilities. At a minimum, the State shall develop a plan and update it annually as part of its requirements under this section. As appropriate, the State shall describe how it intends to respond to the requirements of this paragraph for the upcoming year and report what activities it completed and information it compiled in response to the requirements of this paragraph for the year just ending. Specifically—

"(i) the State shall determine and document in the plan the number and type of personnel by area of specialization, including leadership personnel: who are employed; who are employed on an emergency, provisional, or other basis, or other form of exemption from State certification or licensure; and who are needed currently and over a 5-year time frame to adequately respond to current and projected needs of children with disabilities, taking into account projected rates of personnel attrition and other factors;

"(ii) the State shall determine and document the number of personnel being trained and the number graduating with certification or licensure in special education or related services, including leadership personnel, from institutions of higher education within the State, and the extent to which this meets or will meet State personnel needs;

"(iii) the State shall describe how it intends to recruit and retain qualified personnel in order to overcome current and projected personnel shortages, including shortages caused by use of personnel without certification or licensure, and the extent to which it was successful in overcoming personnel shortages;

"(iv) the State shall describe how it intends to identify and meet the continuing education needs of special education and related services personnel, including leadership personnel, and the extent to which it has been successful in meeting those needs;

"(v) the State shall describe how it intends to disseminate information about both research and effective practice to special education and related services personnel, including leadership personnel, and the extent to which it has done so; and

"(vi) the State shall include provisions to increase the supply of special education and related services personnel from racial and ethnic minority groups and individuals with disabilities.

"(B) States shall take steps toward compliance with this paragraph in fiscal year 1991; full compliance with this paragraph shall be required in State Plans or amendments to State Plans required for such plans submitted beginning for fiscal year 1992;".

SEC. 203. ADMINISTRATION.

Section 617 of the Education of the Handicapped Act (20 U.S.C. 1417) is amended by adding at the end the following new subsection:

"(e)(1) The Secretary shall, based on the findings and recommendations of the evaluation study conducted under paragraph (2), submit the results of the study and a detailed plan for the development and implementation of a common computerized information management system within the Office of Special Education and Rehabilitative Services (OSERS) that would allow all administrative components of OSERS to categorize, index, and abstract program information for the purpose of making this information accessible to Congress, the Department of Education, and other interested parties consistent with the requirements of paragraph (2). The Secretary may enter into any contract or cooperative agreement to implement and maintain this system.

"(2)(A) The Secretary shall conduct an evaluation study to determine the effectiveness of current planning and the feasibility for developing and implementing the system described above. In carrying out this study, the Secretary shall, before the end of the 9-month period beginning on the date of the enactment of these amendments, enter into a contract or cooperative agreement necessary to conduct the study with a nonprofit or profit organization having expertise in and knowledge of information management systems. The study shall report on the following:

"(i) timeliness for implementation,

"(ii) staff training and personnel needs,

"(iii) costs for dimensions of the system,

"(iv) design of the system,

"(v) ability to analyze program information to permit trend identification, projections, and inferences both in qualitative and quantitative terms,

"(vi) method of utilization of information of the data base,

"(vii) methodologies utilized by other Federal agencies,

"(viii) capability to assist OSERS to improve the exchange of information on programs and projects within and outside OSERS, the communication between projects, the defining of priorities, and grant management within OSERS, and

"(ix) recapture program and fiscal information from projects funded since fiscal year 1985 to current year.

"(B) Any contract or cooperative agreement entered into under subparagraph (A) shall require the study to be completed and a report concerning such study to be submitted to the Secretary and the appropriate committees of Congress before the end of the 12-month period beginning on the date of the contract or cooperative agreement.

"(3)(A) Beginning within 6 months after the submission of the report required under paragraph (2), and being completed no later than 18 months after such date, the Secretary shall establish within OSERS a detailed plan for the implementation of the computerized information management system required under this subsection. The system shall include all design capabilities stipulated in paragraph (2)(A).

"(B) For the 2 fiscal years that begin after the date of enactment of these amendments, the Secretary is authorized to use funds appropriated for the National Institute on Disability and Rehabilitation Research (NIDRR) to fund the above study.

"(4) The Secretary is directed to utilize, to the maximum extent allowable by law, the resources of the Rehabilitative Services Administration, the Office of Special Education Programs, and the National Institute on Disability and Rehabilitation Research including, but not limited to, staff, expertise, materials, and equipment, either developed, or to be developed, for the system under this subsection and all other resources available.".

SEC. 204. EVALUATION.

(a) AMENDMENTS TO SECTION HEADING.—Section 618 of the Education of the Handicapped Act (20 U.S.C. 1418) is amended in the heading for such section by inserting "AND PROGRAM INFORMATION" after " EVALUATION".

(b) AMENDMENTS TO SUBSECTION (a).—Section 618(a) of the Education of the Handicapped Act (20 U.S.C. 1418(a)) is amended—

(1) in the matter preceding paragraph (1), by inserting "analyses," after "investigations,"; and

(2) in paragraph (3)(B), by inserting "delivery" before "effectiveness".

(c) AMENDMENTS TO SUBSECTION (b).—Section 618(b) of the Education of the Handicapped Act (20 U.S.C. 1418(b)) is amended—

(1) in the matter preceding paragraph (1)—

(A) by inserting after "local educational agencies," the following: "lead agencies designated or established under part H,"; and

(B) by inserting before "including—" the following: "(except that, during fiscal year 1991, such entities may not under this subsection be required to provide data regarding traumatic brain injury or autism),";

(2) in paragraph (3)—

(A) by striking "otherwise—" and all that follows and inserting the following: "otherwise for each age 14 and above by disability category, and a sampling of data on the age group 3–13 from State agencies, including State and local educational agencies, and"; and

(B) by inserting "(A)" after the paragraph designation and by adding at the end the following new subparagraph:

"(B) the number of children with disabilities exiting preschool programs under part B who enter regular education programs at the first grade level,"; and

(C) in paragraph (5), by amending such paragraph to read as follows:

"(5)(A) information on the implementation, in each State, of the comprehensive systems of personnel development required by sections 613(a)(3) and 676(b)(8); and

"(B) by fiscal year 1992, the Secretary may require that data authorized by this paragraph be reported in the section of the State's Plan pertaining to its comprehensive system of personnel development, authorized under section 613(a)(3), and".

(d) AMENDMENTS TO SUBSECTION (c).—Section 618(c) of the Education of the Handicapped Act (20 U.S.C. 1418(c)) is amended to read as follows:

"(c) IMPLEMENTATION INQUIRIES.—(1) The Secretary shall make grants to, or enter into contracts or cooperative agreements with, State and local educational agencies, institutions of higher education, other public agencies, and private organizations for the purpose of conducting studies (including case studies), secondary data analyses, syntheses, and investigations (including program implementation inquiries), to improve the administration, management, delivery, and effectiveness of special education and related services, and early intervention services.

"(2) In providing such support, the Secretary shall give first consideration to efforts that seek to improve—

"(A) criteria and procedures used to identify, locate, and evaluate infants, toddlers, children, and youth with disabilities for the purposes of eligibility, program planning, and placement (including working with parents), especially for those from minority backgrounds;

"(B) the relationships between the placement procedures used and the outcomes of placement decisions, by disability category and severity of disability, as in the case of infants, toddlers, children, and youth with the most severe disabilities;

"(C) planning and delivery of services to infants, toddlers, children, and youth with disabilities at points of transition, especially for youth with disabilities; and

"(D) planning and developing effective early intervention services, special education, and related services to meet the complex and changing needs of infants, toddlers, children, and youth with disabilities.

"(3) In providing funds under this subsection, the Secretary shall require recipients to prepare their procedures, findings, and other relevant information in a form that will maximize their dissemination and use, especially through dissemination networks and mechanisms authorized by this Act, and in a form for inclusion in the annual report to Congress authorized under subsection (f).

"(4) The Secretary, in order to increase the benefits to infants, toddlers, children, and youth with disabilities, may support efforts to improve comprehensive systems of personnel development, to improve ways in which resources are allocated and used, to improve interagency coordination and collaboration, to improve continuity in services, and to improve parent-school communication and collaboration.

"(5) In order to facilitate understanding of and support for program improvement information, as addressed in this subsection, the Secretary shall, every 3 years beginning in fiscal year 1991, publish funding priorities in the Federal Register for review and comment. Such review and comment shall be taken into account when setting priorities for any 3-year period.".

(e) AMENDMENTS TO SUBSECTION (d).—Section 618(d)(1) of the Education of the Handicapped Act (20 U.S.C. 1418(d)(1)) is amended by inserting ", policies, and procedures" after "programs".

(f) AMENDMENTS TO SUBSECTION (e).—Section 618(e) of the Education of the Handicapped Act (20 U.S.C. 1418(e)) is amended to read as follows:

"(e) SPECIAL STUDIES.—(1) The Secretary shall by grant, contract, or cooperative agreement, provide for special studies to assess progress in the implementation of this Act, and to assess the impact and effectiveness of State and local efforts and efforts by the Secretary of the Interior to provide free appropriate public education to children and youth with disabilities, and early intervention services to infants and toddlers with disabilities. Reports from such studies shall include recommendations for improving programs and services to such individuals. The Secretary shall, not later than July 1 of each year, beginning in fiscal year 1991, submit to the appropriate committees of each House of the Congress and publish in the Federal Register proposed priorities for review and comment.

"(2) In selecting priorities for fiscal years 1991 through 1994, the Secretary may give first consideration to:

"(A) The longitudinal study of students with disabilities shall be completed.

"(B) A study that examines the factors that have contributed to the decline in the number of children classified as mentally retarded since the implementation of this Act, and examines the current disparity among States in the percentage of children so classified.

"(C) A study that examines the degree to which and the reasons why children and youth with disabilities, especially those with mental retardation, are educated in separate educational facilities.

"(D) A study that examines the status, progress, and variation in the implementation of policies, procedures, and programs affecting early intervention, special education, and related services for young children with disabilities—birth through age five.

"(E) A study of the types, number, and intensity of related services provided to children and youth with disabilities by disability category.

"(F) A study that examines the extent to which out-of-community residential programs are used for children and youth who are seriously emotionally disturbed, the factors that influence the selection of such placements, the degree to which such individuals transition back to education programs in their communities, and the factors that facilitate or impede such transition.

"(G) A study that examines (i) the factors that influence the referral and placement decisions and types of placements, by disability category and English language proficiency, of minority children relative to other children, (ii) the extent to which these children are placed in regular education environments, (iii) the extent to which the parents of these children are involved in placement decisions and the implementation of the individualized education program and the results of such participation, and (iv) the type of support provided to parents of these children that enable these parents to understand and participate in the educational process.".

(g) AMENDMENTS TO SUBSECTION (f).—Section 618(f) of the Education of the Handicapped Act (20 U.S.C. 1418(f)) is amended—

(1) by striking "(f)(1)" and inserting "(f) ANNUAL REPORT.—(1)";

(2) in paragraph (1) (as amended by paragraph (1) of this subsection), by amending such paragraph to read as follows: "(1) The Secretary, directly or through grants, contracts, or cooperative agreements, shall prepare an annual report on the progress being made toward the provision of a free appropriate public education to children and youth with disabilities and early intervention services to infants and toddlers with disabilities. Not later than 120 days after the end of each fiscal year, the Secretary shall transmit this report to the appropriate committees of each House of Congress. Copies of such report shall be produced in sufficient quantities in order to permit dissemination to the education and disability communities and other interested parties."; and

(3) in paragraph (2)—

(A) in subparagraph (A), by inserting "and under part H" before the comma; and

(B) in subparagraph (B), by amending such subparagraph to read as follows:

"(B) an index and summary of each activity, including results of evaluations and studies, related to program information authorized under subsections (c) and (e),".

(h) NEW SUBSECTION.—Section 618 of the Education of the Handicapped Act (20 U.S.C. 1418) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

"(g) The Secretary shall make grants to, or enter into contracts or cooperative agreements with, State and local education agencies, institutions of higher education, other public agencies, and nonprofit organizations to support activities that organize, synthesize, interpret, and integrate information obtained under this section with information developed through other sources. Such activities shall include the selection and design of content, formats, and means for communicating such information effectively to specific or general audiences, in order to promote the use of such information in improving program administration and management, and service delivery and effectiveness.".

(i) FUNDING.—Section 618(h) of the Education of the Handicapped Act, as redesignated by subsection (h) of this section, is amended to read as follows:

"(h) For each of the fiscal years 1991 through 1994, of the amounts appropriated for grants under section 611(a), 1 percent shall be reserved to carry out the purposes of this section and, of the 1 percent reserved each year, not more than 25 percent may be used to carry out the purposes of subsection (e) of this section.".

TITLE III—CENTERS AND SERVICES TO MEET SPECIAL NEEDS OF HANDICAPPED INDIVIDUALS

SEC. 301. REGIONAL RESOURCE AND FEDERAL CENTERS.

(a) AMENDMENTS TO SUBSECTION (a).—Section 621(a) of the Education of the Handicapped Act (20 U.S.C. 1421(a)) is amended—

(1) in the first sentence, by striking "regional resource centers." and inserting the following: "regional resource centers that focus on special education and related services and early intervention services.";

(2) in the second sentence—

(A) by striking "training to State" and inserting "training, as requested, to State"; and

(B) by inserting after "agencies providing" the following: "special education and related services and";

(3) in the third sentence, by striking "center" the second place such term appears

and all that follows and inserting "center."; and

(4) in paragraph (3), by striking "relevant projects conducted by" and inserting "relevant programs and projects conducted under parts C through G and by".

(b) AMENDMENTS TO SUBSECTION (b).—Section 621(b) of the Education of the Handicapped Act (20 U.S.C. 1421(b)) is amended by striking "shall consider" and inserting "shall utilize criteria for setting criteria that are consistent with the needs identified by States within the region served by such center, consistent with requirements established by the Secretary under subsection (f), and, to the extent appropriate, consistent with requirements under section 610, and shall consider".

(c) AMENDMENTS TO SUBSECTION (d).—Section 621(d) of the Education of the Handicapped Act (20 U.S.C. 1421(d)) is amended by striking "the Secretary" the second place such term appears and all that follows and inserting the following: "the Secretary. The Secretary may assist the regional resource centers in the delivery of technical assistance consistent with the priority needs identifed by the States.".

(d) NEW SUBSECTION.—Section 621 of the Education of the Handicapped Act (20 U.S.C. 1421) is amended by adding at the end the following new subsection:

"(f)(1) The Secretary shall develop guidelines and criteria for the operation of Regional and Federal Resource Centers. In developing such criteria and guidelines, the Secretary shall establish a panel representing the Office of Special Education Programs staff, State special education directors, representatives of disability advocates, and, when appropriate, consult with the regional resource center directors.

"(2) Such guidelines and criteria shall include—

"(A) a description of how the Federal and Regional Resource Centers Program will be administered by the Secretary;

"(B) a description of the geographic region each Center is expected to serve;

"(C) a description of the role of a Center in terms of expected leadership and dissemination efforts;

"(D) a description of expected relationships with State agencies, research and demonstration centers, and with other entities deemed necessary;

"(E) a description of how a Center will be evaluated; and

"(F) other guidelines and criteria deemed necessary.

"(3) The Secretary shall publish in the Federal Register by July 1, 1991, for review and comment, proposed and (then following such review and comment) final guidelines developed by the panel.".

SEC. 302. SERVICES FOR DEAF-BLIND CHILDREN AND YOUTH.

(a) AMENDMENTS TO SUBSECTION (a).—Section 622(a) of the Education of the Handicapped Act (20 U.S.C. 1422(a)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by inserting "and local" after "State"; and

(B) in subparagraph (B), by amending such subparagraph to read as follows:

"(B) make available to deaf-blind youth (who are in the process of transitioning into adult services) programs, services, and supports to facilitate such transition, including assistance related to independent living and competitive employment.";

(2) by redesignating paragraphs (2) through (4) as paragraphs (3) through (5), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) For purposes of this section, the term 'deaf-blind', with respect to children and youth, means having auditory and visual impairments, the combination of which creates such severe communication and other developmental and learning needs that they cannot be appropriately educated in special education programs solely for children and youth with hearing impairments, visual impairments, or severe disabilities, without supplementary assistance to address their educational needs due to these dual, concurrent disabilities.";

(3) in paragraph (3) (as redesignated by paragraph (2) of this subsection)—

(A) in the first sentence—

(i) in subparagraph (C), by striking "and" after the semicolon;

(ii) in subparagraph (D), by striking the period and inserting "; or"; and

(iii) by adding at the end the following new subparagraph: "(E) pilot projects designed to expand local school district capabilities by providing services to deaf-blind children that are supplementary to services already provided to children through State and local resources; such projects must be designed to ensure eventual assumption of funding responsibility by State and local authorities."; and

(B) in the second sentence, in clause (i), by striking "at risk of being certified" and inserting "likely to be diagnosed as";

(4) in paragraph (4) (as so redesignated)—

(A) in subparagraph (A), by striking "organizations serving, or proposing to serve," and inserting the following: "organizations that are preparing deaf-blind adolescents for adult placements, or that are preparing to receive deaf-blind young adults into adult living and work environments, and that serve, or propose to serve,"; and

(B) in subparagraph (C), by inserting "supervised," after "rehabilitative,"; and

(5) in paragraph (5) (as so redesignated), by amending such paragraph to read as follows:

"(5) In carrying out this subsection, the Secretary is authorized to enter into a number of grants or cooperative agreements to establish and support single and multi-State centers for the provision of technical assistance and pilot supplementary services, for the purposes of program development and expansion, for children and youth with deaf-blindness and their families.".

(b) AMENDMENTS TO SUBSECTION (c).—Section 622(c)(1) of the Education of the Handicapped Act (20 U.S.C. 1422(c)(1)) is amended—

(1) in subparagraph (A), by inserting "sex," after "severity,";

(2) in subparagraph (C), by inserting before the period the following: "and the setting in which the services are provided"; and

(3)(A) by striking "and" at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(C) by adding at the end the following new subparagraph: "(D) student outcomes, where appropriate.".

(c) AMENDMENTS TO SUBSECTION (d).—Section 622(d) of the Education of the Handicapped Act (20 U.S.C. 1422(d)) is amended to read as follows:

"(d) The Secretary shall make a grant, or enter into a contract or cooperative agreement, for a national clearinghouse for children and youth with deaf-blindness—

"(1) to identify, coordinate, and disseminate information on deaf-blindness;

"(2) to interact with educators, professional groups, and parents to identify areas for programming, materials development, training, and expansion of specific services;

"(3) to maintain a computerized data base on local, regional, and national resources; and

"(4) to respond to information requests from professionals, parents, and members of the community.".

(d) AMENDMENTS TO SUBSECTION (e).—Section 622(e) of the Education of the Handicapped Act (20 U.S.C. 1422(e)) is amended by striking "severely handicapped" and all that follows and inserting the following: "children and youth with deaf-blindness.".

(e) AMENDMENTS TO SUBSECTION (f).—Section 622(f) of the Education of the Handicapped Act (20 U.S.C. 1422(f)) is amended by striking "with," and all that follows and inserting the following: "with organizations or public or nonprofit private agencies, as determined by the Secretary to be appropriate, to address the needs of children and youth with deaf-blindness, for—

"(1) research to identify and meet the full range of special needs of such children and youth; and

"(2) the development and demonstration of new, or improvements in existing methods, approaches, or techniques that would contribute to the adjustment and education of children and youth with deaf-blindness.".

SEC. 303. EARLY EDUCATION FOR HANDICAPPED CHILDREN.

(a) AMENDMENTS TO SUBSECTION (a).—Section 623(a)(1) of the Education of the Handicapped Act (20 U.S.C. 1423(a)(1)) is amended—

(1) in the matter preceding subparagraph (A), in the first sentence, by striking "problems of such children." and inserting "needs of these children.";

(2) in subparagraph (A), by striking "speech," and inserting "communication,";

(3) in subparagraph (B), by inserting before "encourage" the following: "provide family education and include a parent or their representative of such child, as well as";

(4) in subparagraph (C), by striking "problems" and insert "special needs";

(5) in subparagraph (D)—

(A) by inserting after "practices" the following: ", including interdisciplinary models and practices,"; and

(B) by inserting before the comma the following: "and to the parents of such children"; and

(6) in subparagraph (E), by inserting before the period the following: ", including the involvement of adult role models with disabilities at all levels of the program".

(b) AMENDMENTS TO SUBSECTION (b).—Section 623(b) of the Education of the Handicapped Act (20 U.S.C. 1423(b)) is amended by adding at the end the following: "This technical assistance development system shall provide assistance to parents of and advocates for infants, toddlers, and children with disabilities, as well as direct service and administrative personnel involved with such children. Information from the system should be aggressively disseminated through established information networks and other mechanisms to ensure both an impact and benefits at the community level. The Secretary shall ensure that the technical assistance provided under this subsection includes assistance to part H State agencies on procedures for use by primary referral sources in referring a child to the appropri-

ate agency within the system for evaluation, assessment, or service.".

(c) AMENDMENTS TO SUBSECTION (c).—Section 623(c) of the Education of the Handicapped Act (20 U.S.C. 1423(c)) is amended by adding at the end the following: "Such institutes shall disseminate this information by utilizing existing networks, such as the Regional and Federal Resource Centers, the Clearinghouses, and the Technical Assistance to Parents Programs (TAPP) assisted under parts C and D, as well as the National Diffusion Network, the ERIC Clearinghouse on the Handicapped and Gifted, and the Child and Adolescent Service Systems Program (CASSP) under the National Institute of Mental Health, and other appropriate networks.".

(d) AMENDMENTS TO SUBSECTION (d).—Section 623(d) of the Education of the Handicapped Act (20 U.S.C. 1423(d)) is amended by inserting before the period the following: ", including programs to integrate children with disabilities into regular preschool programs".

(e) AMENDMENTS TO SUBSECTION (f).—Section 623(f) of the Education of the Handicapped Act (20 U.S.C. 1423(f)) is amended by inserting before the period the following: "including infants and toddlers with disabilities".

SEC. 304. PROGRAMS FOR SEVERELY HANDICAPPED CHILDREN.

(a) AMENDMENTS TO SUBSECTION (a).—Section 624(a) of the Education of the Handicapped Act (20 U.S.C. 1424(a)) is amended—

(1) in the matter preceding paragraph (1), by amending such matter to read as follows: "The Secretary may make grants to, or enter into contracts or cooperative agreements with, appropriate public agencies and nonprofit organizations to address the special education, related services, and integration needs of infants, toddlers, children, and youth with severe disabilities through—";

(2) in paragraph (1), by inserting before the comma the following: ", including transportation to and from school";

(3) in paragraph (3), by striking "youth, and" and inserting the following: "youth, including training of regular teachers, instructors, and administrators in strategies (the goal of which is to serve infants, toddlers, children, and youth with disabilities) that include integrated settings for educating such children along side their nondisabled peers,";

(4) in paragraph (4), by striking "children and youth." and inserting the following: "children and youth by utilizing existing networks, such as the Regional and Federal Resource Centers, the Clearinghouses, and the Technical Assistance to Parent Programs (TAPP) assisted under parts C and D, as well as the National Diffusion Network, the ERIC Clearinghouse on the Handicapped and Gifted, and the Child and Adolescent Service Systems Program (CASSP) under the National Institute of Mental Health, and other appropriate networks, and"; and

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

"(5) statewide projects, in conjunction with the State's plan under part B, to improve the quality of special education and related services for children and youth with severe disabilities, and to change the delivery of those services from segregated to integrated environments.".

(b) NEW SUBSECTION.—Section 624 of the Education of the Handicapped Act (20 U.S.C. 1424) is amended by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:

"(b) The Secretary is authorized to make grants to, or enter into contracts or cooperative agreeements with, public or private nonprofit private agencies, institutions, or organizations for the development and operation of extended school year demonstration programs for infants, toddlers, children, and youth with severe disabilities. The Secretary may fund grants that include participation of nondisabled infants, toddlers, children and youth, but in such cases matching funds from a non-Federal source from the grantee would be required.".

(c) FURTHER NEW SUBSECTION.—Section 624 of the Education of the Handicapped Act, as amended by subsection (b) of this section, is amended by adding at the end the following new subsection:

"(e) In awarding such grants and contracts under this section, the Secretary shall include a priority on programs that increase the likelihood that these children and youth will be educated with their nondisabled peers.".

SEC. 305. POSTSECONDARY EDUCATION.

(a) AMENDMENTS TO SUBSECTION (a).—Section 625(a) of the Education of the Handicapped Act (20 U.S.C. 1424a(a)) is amended—

(1) in paragraph (1), by adding at the end the following new sentence: "Such model programs may include joint projects that coordinate with special education and transition services.";

(2) in paragraph (2)—

(A) in subparagraph (A), by striking "and" after the semicolon;

(B) in subparagraph (B), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following new subparagraph:

"(C) for outreach activities that include the provision of technical assistance to strengthen efforts in the development, operation, and design of model programs that are adapted to the special needs of individuals with disabilities."; and

(3) in paragraph (6), by striking "$2,000,000" and inserting "$4,000,000".

(b) AMENDMENTS TO SUBSECTION (b).—Section 625(b) of the Education of the Handicapped Act (20 U.S.C. 1424a(b)) is amended to read as follows:

"(b) For purposes of subsection (a), the term 'children with disabilities' means children—

"(1) with mental retardation, hearing impairments including deafness, speech or language impairments, visual impairments including blindness, serious emotional disturbance, orthopedic impairments, autism, traumatic brain injury, other health impairments including attention deficit disorder, or specific learning disabilities; and

"(2) who, by reason thereof, need special education and related services.".

SEC. 306. SECONDARY EDUCATION AND TRANSITIONAL SERVICES FOR HANDICAPPED YOUTH.

(a) AMENDMENTS TO SUBSECTION (a).—Section 626(a)(1) of the Education of the Handicapped Act (20 U.S.C. 1425(a)(1)) is amended by inserting "independent and community living," after "continuing education,".

(b) AMENDMENTS TO SUBSECTION (b).—Section 626(b) of the Education of the Handicapped Act (20 U.S.C. 1425(b)) is amended—

(1) in paragraph (8), by striking "handicapped youth" and all that follows and inserting the following: "some youth with disabilities remain to complete school programs while others drop out,";

(2) in paragraph (9), by striking "developing" and all that follows through "techniques" and inserting "developing curriculum and instructional techniques in special education and related services"; and

(3) in paragraph (10)—

(A) by inserting "or adapted" after "specially designed"; and

(B) by striking " to increase" and all that follows and inserting the following: "to facilitate the full participation of youths with disabilities in community programs.".

(c) AMENDMENTS TO SUBSECTION (d).—Section 626(d)(3) of the Education of the Handicapped Act (20 U.S.C. 1425(d)(3)) is amended by striking "to the extent appropriate".

(d) NEW SUBSECTION (e).—Section 626 of the Education of the Handicapped Act (20 U.S.C. 1425) is amended by redesignating subsections (e) and (f) as subsections (f) and (g), respectively, and by inserting after subsection (d) the following new subsection:

"(e)(1) The Secretary shall make one-time, 5-year grants, on a competitive basis, to States in which the State vocational rehabilitation agency and State education agency submit a joint application to develop, implement, and improve systems to provide transition services for youth with disabilities from age 14 through the age they exit school.

"(2) In the case of a State whose vocational rehabilitation agency does not participate regarding a joint application described in paragraph (1), the Secretary may make a grant under such paragraph to the State if a joint application for the grant is submitted by the State education agency and one other State agency that provides transition services to individuals who are leaving programs under this Act.

"(3) States that receive grants shall use grant funds to:

"(A) Increase the availability, access, and quality of transition assistance through the development and improvement of policies, procedures, systems, and other mechanisms for youth with disabilities and their families as such youth prepare for and enter adult life.

"(B) Improve the ability of professionals, parents, and advocates to work with such youth in ways that promote the understanding of and the capability to successfully make the transition from 'student' to 'adult'.

"(C) Improve working relationships among education personnel, both within LEAs and in postsecondary training programs, relevant State agencies, the private sector, especially employers, rehabilitation personnel, local and State employment agencies, local Private Industry Councils (PICS) authorized by the Job Training Partnership Act (JTPA), and families of students with disabilities and their advocates to identify and achieve consensus on the general nature and specific application of transition services to meet the needs of youth with disabilities.

"(D) Create an incentive for accessing and using the expertise and resources of programs, projects, and activities related to transition funded through this section and with other sources.

"(4)(A) In order to receive funding under this subsection, a State vocational rehabilitation agency and State education agency shall describe in their application how they will use the first year, if necessary, to plan how to implement transition services, the second through fourth years to develop and implement transition services, and the fifth year to evaluate transition services. The ap-

plication shall describe how the grant funds will be used during the planning period and phased-out during the evaluation period to ensure the continuation of transition services. Such applications shall also include—

"(i) a description of the current availability, access, and quality of transition services for eligible youth and a description of how, over 5 years, the State will improve and expand the availability, access, and quality of transition services for youth with disabilities and their families as such youth prepare for and enter adult life;

"(ii) a description of how the State will improve and increase the ability of professionals, parents, and advocates to work with such youth in ways that promote the understanding of and the capability to successfully make the transition from 'student' to 'adult';

"(iii) a description of how the State will improve and increase working relationships among education personnel, both within LEAs and in postsecondary training programs, relevant State agencies, the private sector, especially employers, rehabilitation personnel, local and State employment agencies, local Private Industry Councils (PICS) authorized by the JTPA, and families of students with disabilities and their advocates to identify and achieve consensus on the general nature and specific application of transition services to meet the needs of youth with disabilities; and

"(iv) a description of how the State will use grant funds as an incentive for accessing and using the expertise and resources of programs, projects, and activities related to transition funded through this section and with other sources.

"(B) The Secretary shall give preference to those applications that, in addition to clearly addressing the requirements under subparagraph (A), describe how the State will—

"(i) target resources to school settings, such as providing access to rehabilitation counselors for students with disabilities who are in school settings;

"(ii) target a substantial amount of grant funds, received under this subsection, to case management, program evaluation and documentation of, and dissemination of information about, transition services;

"(iii) provide incentives for interagency and private sector resource pooling and otherwise investing in transition services, especially in the form of cooperative agreements, particularly with PICS authorized by the JTPA and local branches of State employment agencies;

"(iv) provide for early, ongoing information and training for those involved with or who could be involved with transition services—professionals, parents, youth with disabilities, including self-advocacy training for such youth, and advocates for such youth as well as PICS authorized by the JTPA and local branches of State employment agencies;

"(v) provide for the early and direct involvement of all relevant parties, including PICS authorized by the JTPA and local branches of State employment agencies, in operating and planning improvements in transition services, and the early and direct involvement of all relevant parties in planning and implementing transition services for individual youth;

"(vi) provide access to training for eligible youth that matches labor market needs in their communities;

"(vii) integrate transition services with relevant opportunities in communities, including those sponsored by PICS authorized by the JTPA and local employment agencies;

"(viii) use a transition services evaluation plan that is outcome oriented and that focuses on individual youth-focused benefits; and

"(ix) ensure, that when appropriate and no later than age 22, eligible youth who participate in transition services under this program would be served as appropriate in the State section 110 and/or title VI, part C program authorized under the Rehabilitation Act of 1973.".

(e) AMENDMENTS TO FORMER SUBSECTION (e).—Section 626(f) of the Education of the Handicapped Act, as redesignated by subsection (d) of this section, is amended—

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

(B) by adding at the end of paragraph (1) (as so designated) the following new sentence: "Such organizations and institutions shall disseminate such materials and information by utilizing existing networks, such as the Regional and Federal Resource Centers, the Clearinghouses, and the Technical Assistance to Parent Programs (TAPP) assisted under parts C and D, as well as the National Diffusion Network, the ERIC Clearinghouses on the Handicapped and Gifted and Languages and Linguistics, and the Child and Adolescent Service Systems Program (CASSP) under the National Institute of Mental Health, and other appropriate networks.";

(2) by adding after paragraph (1) (as so designated) the following new paragraph:

"(2) The Secretary shall fund one or more demonstration models designed to establish appropriate methods of providing, or continuing to provide, assistive technology devices and services to secondary school students as they make the transition to vocational rehabilitation, employment, postsecondary education, or adult services. Such demonstration models shall include, as appropriate—

"(A) cooperative agreements with the Rehabilitation Services Administration and/or State vocational rehabilitation agencies that ensure continuity of funding for assistive technology devices and services to such students; and

"(B) methods for dissemination of exemplary practices that can be adapted or adopted by transitional programs for secondary school students with disabilities."; and

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

"(3)(A) The Secretary shall award one, five-year cooperative agreement through a separate competition to an institution of higher education, or nonprofit public or private organization. The purpose of this agreement will be to evaluate and document the approaches and outcomes of the project funded under subsection (e). The results of this agreement shall be disseminated through the appropriate clearinghouses, networks, and through direct communication with Federal, State, and local agencies.

"(B) The evaluation carried out pursuant to subparagraph (A) of transition services under subsection (e) shall include an evaluation of—

"(i) the outcomes of the transition services provided under such subsection, including the effect of the services regarding postsecondary education, job training, employment, and other appropriate matters;

"(ii) the impact of including in the individualized education program a statement of needed transition services (as required under section 602(a)(20)(D));

"(iii) the extent to which, in the provision of the transition services, agencies are cooperating effectively, including evaluation of the extent of coordination of the staff of the agencies, of procedures regarding confidentiality, assessment of needs, and referrals, and coordination regarding data bases and training;

"(iv) the extent to which obstacles exist regarding cooperation and coordination among agencies in the provision of the transition services, and the extent to which Federal law creates disincentives to such cooperation and coordination; and

"(v) the extent to which the transition services have been provided in a cost-effective manner.

"(C) The evaluation carried out pursuant to subparagraph (A) shall include recommendations on the manner in which the program under subsection (e) can be improved.

"(D) In the annual report required under section 618(f), the Secretary shall include an annual report of the activities and results associated with the agreement under subparagraph (A).".

(f) AMENDMENTS TO FORMER SUBSECTION (f)—Section 626(g) of the Education of the Handicapped Act, as redesignated by subsection (d) of this section, is amended by inserting before the period the following: ", the Job Training Partnership Act (JTPA), and the Carl D. Perkins Vocational Education Act".

SEC. 307. PROGRAM EVALUATIONS.

Section 627 of the Education of the Handicapped Act (20 U.S.C. 1426) is amended to read as follows:

"PROGRAMS FOR CHILDREN AND YOUTH WITH SERIOUS EMOTIONAL DISTURBANCE

"SEC. 627. (a) The Secretary is authorized to make grants to, or enter into contracts or cooperative agreements with, institutions of higher education, State and local educational agencies, and other appropriate public and private nonprofit institutions or agencies to establish projects for the purpose of improving special education and related services to children and youth with serious emotional disturbance. Such projects shall include—

"(1) studies regarding the present state of special education and related services to such children and their families, including information and data to enable assessments of the status of such services over time;

"(2) developing methodologies and curricula designed to improve special education and related services for these children and youth;

"(3) developing and demonstrating strategies and approaches to reduce the use of out-of-community residential programs and the increased use of school district-based programs (which may include, but are not limited to, day treatment programs, after-school programs, and summer programs); or

"(4) developing and demonstrating innovative approaches to assist children with emotional and behavioral problems from developing serious emotional disturbances that require the provision of special education and related services.

"(b)(1) The Secretary is authorized to make grants, on a competitive basis, to local educational agencies in collaboration with mental health entities to provide services for children and youth with serious emotional disturbance. Such demonstration projects shall—

"(A) increase the availability, access, and quality of community services for such children and youth and their families;

"(B) improve working relationships among education, school, and community mental health and other relevant personnel, families of such children and youth, and their advocates;

"(C) target resources to school settings, such as providing access to school and/or community mental health professionals and other community resources for students with serious emotional disturbance who are in community school settings; and

"(D) take into account the needs of minority children and youth in all phases of project activity.

"(2) Funds received under this subsection may also be used to facilitate interagency and private sector resource pooling to improve services for such children and youth and to provide information and training for those involved with, or who could be involved with, such children and youth.

"(c) Each project assisted under this section shall—

"(1) apply existing research outcomes from multi-disciplinary fields;

"(2) use a grant evaluation plan that is outcome-oriented and that focuses on the benefits to individual children and youth;

"(3) report on the effectiveness of such project; and

"(4) disseminate the findings of such project, where appropriate, to the Regional and Federal Resource Centers, the Clearinghouses, and the Technical Assistance Parents Program (TAPP) assisted under this part and part D, as well as the National Diffusion Network, the ERIC Clearinghouse on the Handicapped and Gifted, and the Child and Adolescent Service System Program (CASSP) under the National Institute of Mental Health and other appropriate networks.".

SEC. 308. AUTHORIZATION OF APPROPRIATIONS.

Section 628 of the Education of the Handicapped Act (20 U.S.C. 1427) is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 628. (a) There are authorized to be appropriated to carry out section 621 $8,140,000 for fiscal year 1990, $8,950,000 for fiscal year 1991, $9,850,000 for fiscal year 1992, $10,830,000 for fiscal year 1993, and $11,900,000 for fiscal year 1994.

"(b) There are authorized to be appropriated to carry out section 622 $19,900,000 for fiscal year 1990, $21,900,000 for fiscal year 1991, $24,100,000 for fiscal year 1992, $26,500,000 for fiscal year 1993, and $29,200,000 for fiscal year 1994.

"(c) There are authorized to be appropriated to carry out section 623 $30,140,000 for fiscal year 1990, $33,200,000 for fiscal year 1991, $36,500,000 for fiscal year 1992, $40,120,000 for fiscal year 1993, and $44,120,000 for fiscal year 1994.

"(d) There are authorized to be appropriated to carry out section 624 $8,700,000 for fiscal year 1990, $9,500,000 for fiscal year 1991, $10,500,000 for fiscal year 1992, $11,600,000 for fiscal year 1993, and $12,700,000 for fiscal year 1994.

"(e) There are authorized to be appropriated to carry out section 625 $7,300,000 for fiscal year 1990, $8,000,000 for fiscal year 1991, $8,780,000 for fiscal year 1992, $9,660,000 for fiscal year 1993, and $10,630,000 for fiscal year 1994.

"(f) There are authorized to be appropriated to carry out section 626 $8,900,000 for fiscal year 1990, $9,800,000 for fiscal year 1991, $10,800,000 for fiscal year 1992, $11,900,000 for fiscal year 1993, and $13,050,000 for fiscal year 1994.

"(g) There are authorized to be appropriated to carry out section 626(e) $25,000,000 for fiscal year 1990, $27,500,000 for fiscal year 1991, $30,250,000 for fiscal year 1992, $33,275,000 for fiscal year 1993, and $36,602,000 for fiscal year 1994.

"(h) There are authorized to be appropriated to carry out section 627 $5,000,000 for fiscal year 1990, $8,000,000 for fiscal year 1991, $10,000,000 for fiscal year 1992, $12,000,000 for fiscal year 1993, and $15,000,000 for fiscal year 1994.".

TITLE IV—TRAINING PERSONNEL FOR THE EDUCATION OF HANDICAPPED INDIVIDUALS

SEC. 401. GRANTS FOR PERSONNEL TRAINING.

(a) AMENDMENTS TO SUBSECTION (a)(1).—Section 631(a)(1) of the Education of the Handicapped Act (20 U.S.C. 1431(a)(1)) is amended—

(1) in the matter preceding subparagraph (A), by inserting after "to assist them in" the following: "inservice and preservice training of personnel in special education, related services, and early intervention, including";

(2) in subparagraph (A), by striking "adaptive physical evaluation" and insert "adapted physical education and instructional and assistive technology services";

(3) in subparagraphs (B) through (D), by amending such subparagraphs to read as follows:

"(B) related services to infants, toddlers, children and youth with disabilities in educational settings, and other settings,

"(C) special education and other careers in preschool and early intervention services for infants and toddlers with disabilities,

"(D) special education leadership, including supervision and administration (at the advanced graduate, doctoral and post doctoral levels), special education research, and special education personnel preparation (at the doctoral and post doctoral levels), and".

(b) FURTHER AMENDMENTS TO SUBSECTION (a).—Section 631(a) of the Education of the Handicapped Act (20 U.S.C. 1431(a)) is amended—

(1) in paragraph (2)(A), after "shortages" insert "including the need for personnel in the provision of special education to children of limited-English proficiency";

(2) in paragraph (2)(B), by inserting before the period the following: ", and that include in their applications a detailed description of strategies that will be utilized to recruit and train members of minority groups and persons with disabilities";

(3) in paragraph (3), by adding at the end the following new sentence: "Minority students will have priority for receipt of any fellowships or traineeships made available by the institution under grants under paragraph (1)."; and

(4) in paragraph (4), by amending such paragraph to read as follows:

"(4) Any person receiving a fellowship under this subsection shall agree either to repay such assistance or to work for a period equivalent to the period of time during which such person received assistance, and such work shall be in an activity related to programs and activities such as those authorized under this Act. The Secretary may waive this requirement in extraordinary circumstances.".

(c) NEW PARAGRAPHS IN SUBSECTION (a).—Section 631(a) of the Education of the Handicapped Act (20 U.S.C. 1431(a)) is amended by adding at the end the following new paragraphs:

"(5) In making grants under subsection (a)(1), the Secretary may determine that a portion of training supported through such grants be conducted on an interdisciplinary basis, and shall be designed to assist special educators in properly coordinating service provision with related services personnel. Training programs funded under subsection (a)(1)(B) and (a)(1)(E) shall require practica to demonstrate the delivery of related services in an array of regular and special education and community settings.

"(6) The Secretary in carrying out paragraph (1) shall make grants to Historically Black Colleges and Universities, and other institutions of higher education whose minority student enrollment is at least 25 percent.".

(d) AMENDMENTS TO SUBSECTION (b).—Section 631(b) of the Education of the Handicapped Act (20 U.S.C. 1431(b)) is amended by striking "nonprofit agencies" and all that follows and inserting the following: "nonprofit agencies and organizations to develop and demonstrate effective ways for preservice training programs to prepare regular educators to work with children and youth with disabilities and their families; for training teachers to work in community and school settings with secondary school students with disabilities and their families; for inservice and preservice training of personnel to work with infants, toddlers, children, and youth with disabilities and their families; for inservice and preservice training of personnel to work with minority infants, toddlers, children, and youth with disabilities and their families; for preservice and inservice training of special education and related services personnel in the use of assistive and instructional technology to benefit infants, toddlers, children, and youth with disabilities; and for the recruitment and retention of special education, related services, and early intervention personnel. Both preservice and inservice training shall include a component that addresses the coordination among all service providers, including regular educators.".

(e) AMENDMENTS TO SUBSECTION (c)(2).—Section 631(c)(2) of the Education of the Handicapped Act (20 U.S.C. 1431(c)(2)) is amended—

(1) in subparagraph (A), by amending such subparagraph to read as follows:

"(A) be governed by a board of directors of which a majority of the members are parents of infants, toddlers, children, and youth with disabilities, particularly minority parents, and that includes members who are professionals, especially minority professionals, in the field of special education, early intervention, and related services, and individuals with disabilities, or, if the nonprofit private organization does not have such a board, such organization shall have a membership that represents the interests of individuals with disabilities, and shall establish a special governing committee of which a majority of the members are parents of infants, toddlers, children, and youth with disabilities, particularly minority parents, and which includes members who are professionals, especially minority professionals, in the field of special education, early intervention, and related services, to operate the training and information program under paragraph (1), and parent and professional membership of these boards or special governing committees shall be representative of the proportion of minority individuals in the area;";

(2) in subparagraph (B)—

(A) by striking "children" and inserting "infants, toddlers, children, and youth"; and

(B) by striking "handicapping" and inserting "disabling"; and

(3) in subparagraph (C), by inserting before the period the following: ", and, for

purposes of paragraph (1), network with clearinghouses, including those established under section 633 and other organizations and agencies, and network with other established national, State, and local parent groups representing the full range of parents of infants, toddlers, children, and youth with disabilities, especially minority parent groups".

(f) AMENDMENTS TO SUBSECTION (c)(4).—Section 631(c)(4) of the Education of the Handicapped Act (20 U.S.C. 1431(c)(4)) is amended—

(1) in subparagraph (A), by striking "States" and all that follows and inserting the following: "States and give priority to the establishment of 5 new experimental parent training and information centers to serve large numbers of parents of children with disabilities located in high density areas that do not have such centers,";

(2) in subparagraph (B), by striking the period at the end and inserting a comma; and

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

"(C) serve parents of minority children with disabilities representative to the proportion of the minority population in the areas being served, and

"(D) be funded at a level adequate to serve the parents in the area.".

(g) NEW PARAGRAPH IN SUBSECTION (c).—Section 631(c) of the Education of the Handicapped Act (20 U.S.C. 1431(c)) is amended by adding at the end the following new paragraph:

"(9) Effective for fiscal year 1991 and every year thereafter, the Secretary shall obtain data concerning programs and centers assisted under this subsection on—

"(A) the number of parents provided information and training by disability category of their children,

"(B) the types and modes of information or training provided,

"(C) strategies used to reach and serve minority parents of infants, toddlers, children, and youth with disabilities,

"(D) the number of parents served as a result of activities described under clause (iii),

"(E) activities to network with other information clearinghouses and parent groups as required in subsection (c)(2)(C), and

"(F) the number of agencies and organizations consulted with at the national, State, regional, and local levels.

The Secretary shall include a summary of this information in the annual report to Congress as required in section 618(g).".

(h) FURTHER AMENDMENTS TO SUBSECTION (c).—Section 631(c) of the Education of the Handicapped Act (20 U.S.C. 1431(c)) is amended—

(1) in paragraph (1), in the first and second sentences, by striking "parents of handicapped children" each place such term appears and inserting "parents of infants, toddlers, children, and youth with disabilities";

(2) in paragraph (5)—

(A) in subparagraph (E), by amending such subparagraph to read as follows:

"(E) obtain appropriate information about the range of options, programs, services, and resources available at the national, State, and local levels to assist infants, toddlers, children, and youth with disabilities and their families, and"; and

(B) in subparagraph (F), by striking "handicapped" and all that follows and inserting the following: "infants, toddlers, children, and youth with disabilities under this Act."; and

(3) in paragraph (7)—

(A) by striking "with appropriate agencies which" and insert the following: "and network with appropriate national, State, regional, and local agencies and organizations, such as protection and advocacy agencies, that"; and

(B) by striking "handicapped children and youth" and inserting "infants, toddlers, children, and youth with disabilities and their families".

SEC. 402. GRANTS TO STATE EDUCATIONAL AGENCIES AND INSTITUTIONS FOR TRAINEESHIPS.

Section 632(c) of the Education of the Handicapped Act (20 U.S.C. 1432(c)) is amended by inserting before the period the following: ", and for the purpose of assisting the State to develop and maintain its comprehensive system of personnel development and conduct recruitment and retention activities".

SEC. 403. CLEARINGHOUSES.

Section 633 of the Education of the Handicapped Act (20 U.S.C. 1433) is amended to read as follows:

"CLEARINGHOUSES

"SEC. 633. (a) The Secretary is authorized to make grants to, or enter into contracts or cooperative agreements with, public agencies or private nonprofit organizations or institutions for the establishment of three national clearinghouses: on children and youth with disabilities; on postsecondary education for individuals with disabilities; and on careers in special education, to—

"(1) collect, develop, and disseminate information,

"(2) provide technical assistance,

"(3) conduct coordinated outreach activities,

"(4) provide for the coordination and networking with other relevant national, State, and local organizations and information and referral resources,

"(5) respond to individuals and organizations seeking information, and

"(6) provide for the synthesis of information for its effective utilization by parents, professionals, individuals with disabilities, and other interested parties.

"(b) The national clearinghouse for children and youth with disabilities shall:

"(1) Collect and disseminate information (including the development of materials) on characteristics of infants, toddlers, children, and youth with disabilities and on programs, legislation, and services relating to their education under this Act and other Federal laws.

"(2) Participate in programs and services related to disability issues for providing outreach, technical assistance, collection, and dissemination of information; and promoting networking of individuals with appropriate national, State, and local agencies and organizations.

"(3) Establish a coordinated network and conduct outreach activities with relevant Federal, State, and local organizations and other sources for promoting public awareness of disability issues and the availability of information, programs, and services.

"(4) Collect, disseminate, and develop information on current and future national, Federal, regional, and State needs for providing information to parents, professionals, individuals with disabilities, and other interested parties relating to the education and related services of individuals with disabilities.

"(5) Provide technical assistance to national, Federal, regional, State and local agencies and organizations seeking to establish information and referral services for individuals with disabilities and their families.

"(6) In carrying out the activities in this subsection, the clearinghouse will include strategies to disseminate information to underrepresented groups such as limited English proficiency.

"(c) The national clearinghouse on postsecondary education for individuals with disabilities shall:

"(1) Collect and disseminate information nationally on characteristics of individuals entering and participating in education and training programs after high school; legislation affecting such individuals and such programs; policies, procedures, and support services, as well as adaptations, and other resources available or recommended to facilitate the education of individuals with disabilities; available programs and services that include, or can be adapted to include, individuals with disabilities; and sources of financial aid for the education and training of individuals with disabilities.

"(2) Identify areas of need for additional information.

"(3) Develop new materials (in both print and nonprint form), especially by synthesizing information from a variety of fields affecting disability issues and the education, rehabilitation, and retraining of individuals with disabilities.

"(4) Develop a coordinated network of professionals, related organizations and associations, mass media, other clearinghouses, and governmental agencies at the Federal, regional, State, and local level for the purposes of disseminating information and promoting awareness of issues relevant to the education of individuals with disabilities after high school and referring individuals who request information to local resources.

"(5) Respond to requests from individuals with disabilities, their parents, and professionals who work with them, for information that will enable them to make appropriate decisions about postsecondary education and training.

"(d) The national clearinghouse designed to encourage students to seek careers and professional personnel to seek employment in the various fields relating to the education of children and youth with disabilities shall:

"(1) Collect and disseminate information on current and future national, regional, and State needs for special education and related services personnel.

"(2) Disseminate information to high school counselors and others concerning current career opportunities in special education, location of programs, and various forms of financial assistance (such as scholarships, stipends, and allowances).

"(3) Identify training programs available around the country.

"(4) Establish a network among local and State educational agencies and institutions of higher education concerning the supply of graduates and available openings.

"(5) Provide technical assistance to institutions seeking to meet State and professionally recognized standards.

"(e)(1) In awarding grants, contracts, and cooperative agreements under this section, the Secretary shall give priority attention to any applicant with demonstrated experience (at the national level) in performing the functions established in this section; and with the ability to conduct such projects, communicate with intended consumers of information, and maintain the necessary

communication with national, regional, State and local agencies and organizations.

"(2) In awarding grants, contracts, and cooperative agreements under this section, the Secretary shall give priority attention to any applicant with demonstrated experience (at the national level) in providing informational services to minorities and minority organizations.

"(3) The Secretary is authorized to make contracts through the clearinghouse with profit-making organizations only when necessary for materials or media access.

"(f)(1) Beginning in fiscal year 1991, and for each year thereafter, the Secretary shall obtain information on each project assisted under this section, including—

"(A) as appropriate, by disability category, the number of individuals served, including parents, professionals, students, and individuals with disabilities;

"(B) a description of responses utilized;

"(C) a listing of new products developed and disseminated; and

"(D) a description of strategies and activities utilized for outreach to urban and rural areas with populations of minorities and underrepresented and underserved groups.

"(2) A summary of the data required by this subsection shall be included in the annual report to Congress required under section 618 of this Act.".

SEC. 404. REPORTS TO SECRETARY.

Section 634(a) of the Education of the Handicapped Act (20 U.S.C. 1434(a)) is amended—

(1) in paragraph (1), by striking "and" at the end;

(2) in paragraph (2), by striking the period and inserting "; and"; and

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

"(3) information required under section 631(c)(9) and section 633(f)(1).".

SEC. 405. AUTHORIZATION OF APPROPRIATIONS.

Section 635(a) of the Education of the Handicapped Act (20 U.S.C. 1435(a)) is amended to read as follows:

"(a)(1) There are authorized to be appropriated to carry out this part (other than sections 631(a)(6), 631(c), and 633) $86,900,000 for fiscal year 1990, $95,600,000 for fiscal year 1991, $105,150,000 for fiscal year 1992, $115,660,000 for fiscal year 1993, and $127,200,000 for fiscal year 1994.

"(2) There are authorized to be appropriated to carry out section 631(a)(6) $17,500,000 for fiscal year 1990, $19,250,000 for fiscal year 1991, $21,175,000 for fiscal year 1992, $23,292,500 for fiscal year 1993, and $25,621,750 for fiscal year 1994.

"(3) There are authorized to be appropriated to carry out section 631(c) $10,000,000 for fiscal year 1990, $11,000,000 for fiscal year 1991, $12,100,000 for fiscal year 1992, $13,300,000 for fiscal year 1993, and $14,600,000 for fiscal year 1994.

"(4) There are authorized to be appropriated to carry out section 633 $2,200,000 for fiscal year 1990, $2,420,000 for fiscal year 1991, $2,700,000 for fiscal year 1992, $2,900,000 for fiscal year 1993, and $3,200,000 for fiscal year 1994.".

TITLE V—RESEARCH IN EDUCATION OF HANDICAPPED INDIVIDUALS

SEC. 501. RESEARCH AND DEMONSTRATION PROJECTS IN EDUCATION OF HANDICAPPED CHILDREN.

Section 641 of the Education of the Handicapped Act (20 U.S.C. 1441) is amended to read as follows:

"IMPROVEMENT OF INSTRUCTION AND LEARNING OF CHILDREN WITH DISABILITIES

"SEC. 641. (a) The Secretary may make grants to, or enter into contracts or cooperative agreements with, State and local educational agencies, institutions of higher education, other public agencies and nonprofit private organizations for the purpose of advancing and improving the knowledge base and improve the practice of professionals, parents, and others providing early intervention, special education, and related services, including professionals who work with children and youth with disabilities in regular education environments, to provide such children effective instruction and enable them to successfully learn. The activities supported under this section shall support innovation, development, exchange, and use of such advancements in knowledge and practice designed to contribute to the improvement of instruction and learning of infants, toddlers, children, and youth with disabilities. In carrying out this section, the Secretary may support a wide range of research and related activities designed to—

"(1) advance knowledge about the provision of instruction and other interventions to infants, toddlers, children, and youth with disabilities including, but not limited to—

"(A) the organization, synthesis, and interpretation of current knowledge and the identification of knowledge gaps;

"(B) the identification of knowledge and skills competency needed by personnel providing special education, related services, and early intervention services;

"(C) the improvement of knowledge regarding the developmental and learning characteristics of infants, toddlers, children, and youth with disabilities in order to improve the design and effectiveness of interventions and instruction;

"(D) the evaluation of approaches and interventions;

"(E) the development of instructional strategies, techniques, and activities;

"(F) the improvement of curricula and instructional tools such as textbooks, media, materials, and instructional technology;

"(G) the development of assessment techniques, instruments (including tests, inventories, and scales), and strategies for measurement of progress and the identification, location, and evaluation of infants, toddlers, children, and youth with disabilities for the purpose of determining eligibility, program planning and placement for special education, related services and early intervention services. Particular attention should be given to the development of alternative assessment procedures and processes for minority individuals and those with limited English proficiency;

"(H) the testing of research findings in practice settings to determine their application, usability, effectiveness, and generalizability;

"(I) the identification of environmental, organizational, resource, and other conditions necessary for effective professional practice; and

"(J) the improvement of knowledge regarding families, minorities, limited-English proficiency, and handicapping conditions; and

"(2) advance the utilization of knowledge by professionals and others providing special education, related services, and early intervention including, but not limited to—

"(A) the improvement of knowledge regarding how professionals and others providing special education, related services, and early intervention learn new knowledge and skills and strategies for effectively facilitating such learning in both preservice and in-service education;

"(B) the organization, integration, and presentation of knowledge so that it can be incorporated and imparted in personnel preparation and continuing education programs and other relevant training and communication vehicles; and

"(C) the expansion and improvement of networks that exchange knowledge and practice information, such as the Regional and Federal Resource Centers, the Clearinghouses, and the Technical Assistance to Parents Programs (TAPP) assisted under parts C and D of this Act, as well as the National Diffusion Network, the ERIC Clearinghouse on the Handicapped and Gifted, and the Child and Adolescent Service Systems Program (CASSP) under the National Institute of Mental Health, and other appropriate networks.

"(b) In carrying out subsection (a), the Secretary shall consider the special education, related services, or early intervention and research experience of applicants.

"(c) The Secretary shall publish proposed priorities under this part in the Federal Register every 2 years, not later than July 1, and shall allow a period of 60 days for public comments and suggestions. After analyzing and considering the public comments, the Secretary shall publish final priorities in the Federal Register not later than 60 days after the close of the comment period.

"(d) The Secretary shall provide an index (including the title of each project and the name and address of the funded organization) of all projects conducted under this part in the prior fiscal year in the annual report described under section 618. The Secretary shall make reports of projects available to the education community at large and to other interested parties.

"(e)(1) The Secretary shall make grants, or enter into contracts or cooperative agreements, for the establishment of model demonstration programs, of which some will be school-based models, that provide the services of an ombudsman to assist in resolving problems that are barriers to appropriate educational, related services, or other services for children and youth with disabilities.

"(2) Programs under paragraph (1) shall provide or identify personnel to assist children and youth with disabilities, their parents or guardians, special and regular education teachers, State and local education administrators, and related services personnel to resolve problems in a timely manner through dispute mediation and other methods, notwithstanding due process procedures, in order to further the delivery of appropriate education and related services. Participation in this program does not preclude or delay due process under this Act.

"(3) Ombudsman services for programs under paragraph (1) shall be provided by social workers, parent advocates, psychologists, and persons with similar qualifications designated by the Secretary.".

SEC. 502. RESEARCH AND DEMONSTRATION PROJECTS IN PHYSICAL EDUCATION AND RECREATION FOR HANDICAPPED CHILDREN.

Section 642 of the Education of the Handicapped Act (20 U.S.C. 1442) is amended by striking "recreation for handicapped children" each place such term appears and inserting "recreation for children with disabilities, including therapeutic recreation".

SEC. 503. PANELS OF EXPERTS.

Part E of the Education of the Handicapped Act (20 U.S.C. 1441 et seq.) is amended by striking section 643 and by redesignating section 644 as section 643.

SEC. 504. AUTHORIZATION OF APPROPRIATIONS.

Section 643 of the Education of the Handicapped Act, as redesignated by section 503 of this Act, is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 643. For purposes of carrying out this part, there are authorized to be appropriated $22,100,000 for fiscal year 1990, $24,300,000 for fiscal year 1991, $26,800,000 for fiscal year 1992, $29,400,000 for fiscal year 1993, and $32,400,000 for fiscal year 1994.".

TITLE VI—INSTRUCTIONAL MEDIA FOR HANDICAPPED INDIVIDUALS

SEC. 601. PURPOSES.

Section 651 of the Education of the Handicapped Act (20 U.S.C. 1451) is amended—

(1) by striking the subsection designation;

(2) in paragraph (1)—

(A) in subparagraph (A), by inserting "and television programs" after "those films";

(B) in subparagraph (B), by inserting " and television programs" after "these films";

(C) by striking "and" after the semicolon at the end of subparagraph (B); and

(D) by adding at the end the following new subparagraph:

"(D) utilizing educational media to help eliminate illiteracy among individuals with disabilities;";

(3) by striking the period at the end of paragraph (2) and inserting "; and"; and

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

"(3) the general welfare of visually impaired individuals by—

"(A) bringing to such individuals an understanding and appreciation of textbooks, films, television programs, video material, and other educational publications and materials that play such an important part in the general and cultural advancement of visually unimpaired individuals; and

"(B) ensuring access to television programming and other video materials.".

SEC. 602. CAPTIONED FILMS AND EDUCATIONAL MEDIA FOR HANDICAPPED INDIVIDUALS.

Section 652 of the Education of the Handicapped Act (20 U.S.C. 1452) is amended—

(1) in the heading for such section, by inserting ", TELEVISION, DESCRIPTIVE VIDEO," after "FILMS";

(2) in subsection (a), by inserting ", descriptive video" after "captioned films";

(3) in subsection (b)—

(A) in paragraph (3), by striking "captioning of films" and inserting "captioning for the hearing impaired, and video description for the visually impaired, of films, television programs, and video materials"; and

(B) in paragraph (4)—

(i) by striking "captioned films" and inserting "captioned and video-described films, video materials,"; and

(ii) inserting "or entities" after "agencies";

(4) in subsection (c)(3), by inserting ", educational, and social" after "cultural"; and

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

"(d)(1) The Secretary is authorized to make a grant to, or enter into a contract with, Recording for the Blind, Inc., for the purpose of providing current, free textbooks and other educational publications and materials to blind and other print-handicapped students in elementary, secondary, postsecondary, and graduate schools and other institutions of higher education through the medium of transcribed tapes and cassettes.

"(2) For the purpose of this subsection, the term 'print-handicapped' refers to any individual who is blind or severely visually impaired, or who, by reason of a physical or perceptual disability, is unable to read printed material unassisted.".

SEC. 603. AUTHORIZATION OF APPROPRIATIONS.

Section 653 of the Education of the Handicapped Act (20 U.S.C. 1454) is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 653. (a) For the purpose of carrying out section 652 (other than subsection (d)), there are authorized to be appropriated $18,200,000 for fiscal year 1990, $20,010,000 for fiscal year 1991, $22,010,000 for fiscal year 1992, $24,200,000 for fiscal year 1993, and $26,600,000 for fiscal year 1994.

"(b) For the purpose of carrying out section 652(d), there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1990 through 1994.".

TITLE VII—TECHNOLOGY, EDUCATIONAL MEDIA, AND MATERIALS FOR HANDICAPPED INDIVIDUALS

SEC. 701. FINANCIAL ASSISTANCE.

Section 661 of the Education of the Handicapped Act (20 U.S.C. 1461) is amended—

(1) in the matter preceding paragraph (1), in the first sentence, by striking "provision of early intervention" and inserting "provision of related services and early intervention services";

(2) in paragraph (1)—

(A) by inserting "assistive technology," after "technology,"; and

(B) by striking "more effectively" and inserting "most effectively, efficiently, and appropriately";

(3) in paragraphs (2) through (4), by striking "new technology," each place such term appears and inserting "technology, assistive technology,";

(4) in paragraph (4), by inserting before the period at the end the following: ", where appropriate, to the Regional and Federal Resource Centers, the Clearinghouses, and the Technical Assistance to Parents Programs (TAPP) assisted under parts C and D, as well as the National Diffusion Network, the ERIC Clearinghouse on the Handicapped and Gifted, and the Child and Adolescent Service Systems Program (CASSP) under the National Institute of Mental Health, and other appropriate networks";

(5)(A) by striking "and" at the end of paragraph (3);

(B) by striking the period at the end of paragraph (4) and inserting ", and"; and

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

"(5) examining how these purposes can address the problem of illiteracy among individuals with disabilities."; and

(6) by inserting "(a)" after the section designation and by adding at the end the following new subsection:

"(b)(1) With respect to new technology, media, and materials utilized with funds under this part to improve the education of students with disabilities, the Secretary shall make efforts to ensure that such instructional materials are closed-captioned.

"(2) The Secretary may not award a grant, contract, or cooperative agreement under paragraphs (1) through (4) of subsection (a) unless the applicant for such assistance agrees that activities carried out with the assistance will be coordinated, as appropriate, with the State entity receiving funds under title I of Public Law 100-407.".

SEC. 702. AUTHORIZATION OF APPROPRIATIONS.

Section 662 of the Education of the Handicapped Act (20 U.S.C. 1462) is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 662. For the purpose of carrying out this part, there are authorized to be appropriated $12,130,000 for fiscal year 1990, $13,300,000 for fiscal year 1991, $14,700,000 for fiscal year 1992, $16,140,000 for fiscal year 1993, and $17,800,000 for fiscal year 1994.".

TITLE VIII—HANDICAPPED INFANTS AND TODDLERS

SEC. 801. DEFINITIONS.

Section 672(2)(E) of the Education of the Handicapped Act (20 U.S.C. 1472(2)(E)) is amended—

(1) by striking "and" after the comma at the end of clause (ix) and inserting "and" after the comma at the end of clause (x); and

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

"(xi) social work services,".

SEC. 802. REQUIREMENTS FOR STATEWIDE SYSTEM.

Section 676(b) of the Education of the Handicapped Act (20 U.S.C. 1476(b)) is amended—

(1) in paragraph (6), by inserting before the comma the following: ", including the preparation and dissemination by the lead agency to all primary referral sources of information materials for families on the availability of early intervention services";

(2) in paragraph (8), by inserting before the comma the following: ", including training of primary referral sources respecting the basic components of early intervention services available in the State"; and

(3)(A) by striking "and" at the end of paragraph (13), and by striking the period at the end of paragraph (14) and inserting ", and"; and

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

"(15) procedures for determining the extent to which primary referral sources, especially hospitals and physicians, disseminate information on the availability of early intervention services as required under paragraph (6) to parents of infants with disabilities.".

TITLE IX—TECHNICAL AMENDMENTS

SEC. 901. REVISION IN TERMINOLOGY.

(a) REVISION IN SHORT TITLE.—Section 601(a) of the Education of the Handicapped Act (20 U.S.C. 1400(a)) is amended by striking "This title" and all that follows and inserting the following: "This title may be cited as the 'Individuals With Disabilities Education Act'.".

(b) CONFORMING AMENDMENTS.—The Individuals With Disabilities Education Act (as so redesignated by subsection (a)) is amended—

(1) by striking "handicapped children and youth" each place such terms appear and inserting "children and youth with disabilities";

(2) by striking "handicapped child or youth" each place such terms appear and inserting "child or youth with disabilities";

(3) by striking "handicapped children", "Handicapped children", "HANDICAPPED CHILDREN", and "HANDICAPPED CHILDREN" each place such terms appear and inserting "children with disabilities", "Children with dis-

abilities", "CHILDREN WITH DISABILITIES", and "CHILDREN WITH DISABILITIES", respectively;

(4) by striking "handicapped child" and "Handicapped child" each place such terms appear and inserting "child with disabilities" and "Child with disabilities", respectively;

(5) by striking "handicapped youth", "Handicapped youth", "HANDICAPPED YOUTH", and "HANDICAPPED YOUTH" each place such terms appear and inserting "youth with disabilities", "Youth with disabilities", "YOUTH WITH DISABILITIES" and "YOUTH WITH DISABILITIES", respectively;

(6) by striking "handicapped infants and toddlers", "Handicapped infants and toddlers", "HANDICAPPED INFANTS AND TODDLERS", and "HANDICAPPED INFANTS AND TODDLERS" each place such terms appear and inserting "infants and toddlers with disabilities", "Infants and toddlers with disabilities", "INFANTS AND TODDLERS WITH DISABILITIES", and "INFANTS AND TODDLERS WITH DISABILITIES", respectively;

(7) by striking "handicapped infant or toddler" and "Handicapped infant or toddler" each place such terms appear and inserting "infant or toddler with disabilities" and "Infant or toddler with disabilities", respectively;

(8) by striking "handicapped student", "Handicapped student", "handicapped students", "handicapped students", and "Handicapped students" each place such terms appear and inserting "student with disabilities", "Student with disabilities", "students with disabilities", "students' with disabilities", and "Students with disabilities", respectively;

(9) by striking "handicapped individuals", "Handicapped individuals", "HANDICAPPED INDIVIDUALS", and "HANDICAPPED INDIVIDUALS" each place such terms appear and inserting "individuals with disabilities", "Individuals with disabilities", "INDIVIDUALS WITH DISABILITIES", and "INDIVIDUALS WITH DISABILITIES", respectively;

(10) by striking "handicapped individual" and "Handicapped individual" each place such terms appear and inserting "individual with one or more disabilities" and "Individual with one or more disabilities", respectively;

(11) by striking "handicapped", "Handicapped" (other than where such term appears in a reference to another Act), "HANDICAPPED", and "HANDICAPPED" each place such terms appear and inserting "disabled", "Disabled", "DISABLED", and "DISABLED", respectively;

(12) by striking "handicaps" and "Handicaps" each place such terms appear and inserting "disabilities" and "Disabilities", respectively;

(13) by striking "handicap" and "Handicap" each place such terms appear and inserting "disability" and "Disability", respectively; and

(14) by striking "handicapping" and "Handicapping" each place such terms appear and inserting "disabling" and "Disabling", respectively.

TITLE X—GENERAL PROVISIONS

SEC. 1001. EFFECTIVE DATE.

The amendments made by this Act shall take effect October 1, 1990, or upon the date of the enactment of this Act, whichever occurs later.

Amend the title so as to read: "An Act to amend the Education of the Handicapped Act to revise and extend the programs established in parts C through G of such Act, and for other purposes.".

Mr. BRYAN. Mr. President, I move that the Senate disagree with the amendments of the House, request a conference with the House, and ask that the Chair be authorized to appoint conferees on the part of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to and the Presiding Officer (Mr. HARKIN) appointed Mr. KENNEDY, Mr. HARKIN, Mr. METZENBAUM, Mr. SIMON, Mr. HATCH, Mr. DURENBERGER, and Mr. JEFFORDS conferees on the part of the Senate.

JOINT RESOLUTION INDEFINITELY POSTPONED

Mr. BRYAN. Mr. President, I ask unanimous consent that Calendar No. 227, Senate Joint Resolution 88, be indefinitely postponed.

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

ORDERS FOR TOMORROW

Mr. BRYAN. 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 9:15 a.m., Friday, September 14; that following the prayer, the Journal of Proceedings be deemed approved to date; that the time for the two leaders under the standing order be reserved for their use later in the day; that there then be a period for the transaction of morning business until 10:15 a.m. for discussion of the CAFE standards bill and with the time equally controlled between Senators BRYAN and RIEGLE, and with Senator KERRY of Massachusetts to be recognized from the time under Senator BRYAN's control for not to exceed 10 minutes at the commencement of the period for morning business.

I further ask unanimous consent that the mandatory live quorum required under rule XXII preceding the cloture vote be waived, and that the cloture vote on the motion to proceed to the consideration of S. 1224, the CAFE standards bill, occur at the hour of 10:15 a.m.

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

RECESS UNTIL 9:15 A.M. TOMORROW

Mr. BRYAN. Mr. President, I know of no further Senator seeking recognition. On behalf of the majority leader, I now ask unanimous consent the Senate stand in recess under the previous order until 9:15 a.m. tomorrow.

There being no objection, the Senate, at 6:07 p.m., recessed until Friday, September 14, 1990, at 9:15 a.m.

NOMINATIONS

Executive nominations received by the Senate September 13, 1990:

DEPARTMENT OF STATE

HARMON ELWOOD KIRBY, OF OHIO, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF TOGO.

EXECUTIVE OFFICE OF THE PRESIDENT

WILLIAM A. GEOGHEGAN, OF MARYLAND, TO BE A MEMBER OF THE ADVISORY BOARD FOR CUBA BROADCASTING FOR A TERM EXPIRING OCTOBER 27, 1992, VICE MIDGE DECTER, TERM EXPIRED.

CORPORATION FOR PUBLIC BROADCASTING

SHARON PERCY ROCKEFELLER, OF WEST VIRGINIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE CORPORATION FOR PUBLIC BROADCASTING FOR A TERM EXPIRING MARCH 26, 1992. (REAPPOINTMENT)

NATIONAL SCIENCE FOUNDATION

THE FOLLOWING NAMED PERSONS TO BE MEMBERS OF THE NATIONAL SCIENCE BOARD, NATIONAL SCIENCE FOUNDATION, FOR TERMS EXPIRING MAY 10, 1996:

PHILLIP A. GRIFFITHS, OF NORTH CAROLINA, VICE ANNELISE GRAEBNER ANDERSON, TERM EXPIRED.

JAIME OAXACA, OF CALIFORNIA, VICE RITA R. COLWELL, TERM EXPIRED.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

THE FOLLOWING NAMED PERSONS TO BE MEMBERS OF THE NATIONAL COUNCIL ON THE HUMANITIES FOR TERMS EXPIRING JANUARY 26, 1996:

CAROL IANNONE, OF NEW YORK, VICE MARY JOSEPH CONRAD CRESIMORE, TERM EXPIRED.

JON N. MOLINE, OF MINNESOTA, VICE ROBERT LAXALT, TERM EXPIRED.

DEPARTMENT OF JUSTICE

WILLIAM C. ANDERSEN, OF CONNECTICUT, TO BE U.S. MARSHAL FOR THE DISTRICT OF CONNECTICUT FOR THE TERM OF 4 YEARS VICE P.A. MANGINI, TERM EXPIRED.

ARTHUR D. BORINSKY, OF NEW JERSEY, TO BE U.S. MARSHAL FOR THE DISTRICT OF NEW JERSEY FOR THE TERM OF 4 YEARS. (REAPPOINTMENT)

EXTENSIONS OF REMARKS

CHICAGO'S 25TH ANNUAL GENERAL VON STEUBEN PARADE

HON. FRANK ANNUNZIO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. ANNUNZIO. Mr. Speaker, September 17 will mark the 260th anniversary of the birth of the great soldier and patriot, Gen. Friedrich Wilhelm von Steuben.

On Saturday, September 15, I am looking forward to joining with my many friends in the United German-American Societies of Greater Chicago on the reviewing stand for Chicago's 25th Annual General von Steuben Parade, to pay homage to the numerous achievements of this great patriot in America's War of Independence, as well as recognize the contributions of Americans of German ancestry throughout the history of the United States.

The officers and members of the United German-American Societies of Greater Chicago are again working hard to make sure that the 25th anniversary celebration is a great success. I extend to them my warmest congratulations for their contributions to the quality of life in the city of Chicago. I especially extend my best wishes to Karl C. Laschet, the enthusiastic and energetic general chairman and grand marshal of the von Steuben Parade.

The ideals of freedom and self-determination displayed by General von Steuben have taken on added significance this year, because in just a few weeks, on October 3, the two Germanys will be formally reunified. It has been a little less than a year since East Germany's oppressive Communist rulers were ousted as part of a peaceful revolution that swept across Eastern Europe. This week in Moscow, France, Britain, the Soviet Union, and the United States signed the "two-plus-four agreement," which will formally recognize this reunification and withdraw foreign troops.

In recognition of the many contributions of German-Americans to our country, I was glad to join with my colleagues in the House of Representatives as a cosponsor to House Joint Resolution 469, a bill to designate October 6, 1990, as "German-American Day." This legislation was approved with my strong support by the full House of Representatives on July 31, and a copy of that resolution follows:

H.J. RES. 469

Whereas the tricentennial of the arrival of the first German immigrants to the United States was celebrated on October 6, 1983;

Whereas such day was proclaimed by the President to be German-American Day in honor of the contributions made by German immigrants to the life and culture of the United States;

Whereas such contributions should be recognized and celebrated every year; and

Whereas the German-American Friendship Garden, symbolic of friendly relations between West Germany and the United States, was dedicated in the District of Columbia on November 15, 1988: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That October 6, 1990, is designated as "German-American Day". The President is requested to issue a proclamation calling on the people of the United States to observe such day with appropriate ceremonies and activities.

General von Steuben won a special place among the heroes of the American Revolution because of his many talents at troop management. Recruited in Paris, von Steuben reported for duty to General Washington at Valley Forge in 1778, at a time when the colonies were suffering through very cold weather, military setbacks, and low morale.

Von Steuben worked to sustain the courage of the troops, and drilled and taught them up-to-date military practices, so that when spring came, they would be prepared to match and overwhelm the skill of British forces.

It was during this time that von Steuben wrote his monumental manual on the basics of American citizen-soldiery, "Regulations for the Order and Discipline of the Troops of the United States." This all-important work, known as the "Blue Book," served as the official Army manual until 1812.

In recognition of his achievements, Washington obtained for von Steuben the appointment of inspector general with the rank of major general. Also, the State of New York awarded General von Steuben a 16,000-acre estate, and Congress granted him a pension of $2,500 for the rest of his life.

Mr. Speaker, on the occasion of the 260th anniversary of von Steuben's birth, and the 25th anniversary of Chicago's von Steuben Parade, I extend my greetings and best wishes to German-Americans in the 11th Congressional District of Illinois, which I am honored to represent, and to all Americans of German descent throughout the Nation, who cherish the commitment to freedom and democracy and the values exemplified by General von Steuben.

HONORING SAL B. LOPEZ, CHAIRMAN, PARADE COMMITTEE, COMITE MEXICANO CIVICO PATRIOTICO

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. TORRES. Mr. Speaker, it is my privilege to rise today to honor my good friend, Mr. Sal B. Lopez, for a job well done. Mr. Lopez will be honored by the Comite Mexicano Civico Patriotico for 37 years of service to the community.

Sal B. Lopez was born on May 5, 1914, in Los Angeles, CA, to Mr. Jesus B. Lopez and Dolores Barragan. He was raised in a large family consisting of 18 brothers and sisters. He attended local East Los Angeles schools, graduating from my alma mater, Garfield High School. He recieved his A.A. from Los Angeles City College and served in the Army from 1943 to 1945.

Sal Lopez has provided the community with hundreds of hours of entertainment and enjoyment. The annual 16th of September Parade, which he produces, is a source of pride to Latino families throughout the Nation. It has grown from its humble beginnings to become one of the nation's premier televised Hispanic events.

Mr. Speaker, I therefore ask my colleagues join with me in saluting Mr. Sal B. Lopez as he retires after 37 years of hard work and dedicated service to the Comite Mexicano Civico Patriotico and to the Hispanic community.

TRIBUTE TO FRANK AND NANCY SANTAGATA

HON. JAMES A. TRAFICANT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. TRAFICANT. Mr. Speaker, I rise today to pay tribute to Frank and Nancy Santagata of my 17th Congressional District of Ohio on the very special occasion of their 50th wedding anniversary.

United in wedlock on September 28, 1940, the Santagatas have maintained their commitment to one another throughout the past 50 years and can now celebrate their golden anniversary with great pride. Moreover, to celebrate this event, the Santagatas will be renewing their wedding vows to each other on September 29, 1990, at St. Rose Church in Girard. Celebrating along with Frank and Nancy will be their two children, Frank A. Santagata and Carmel M. Cross, and their four grandchildren.

Frank is a retired letter carrier with 30 years of experience with the U.S. Post Office, and Nancy has remained very active within the community, particularly within Democratic politics. Frank is enjoying his leisure years by golfing and fishing.

Again, I would like to congratulate Frank and Nancy Santagata on their 50th wedding anniversary, and I would like to wish them many more happy years together.

THE DECADE OF THE BRAIN

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. MICHEL. Mr. Speaker, recently a resolution by our dear colleague, SILVIO CONTE, was signed into law, declaring the next 10 years as "The Decade of the Brain." Neurology and other brain-related studies are relative newcomers in the field of science, yet their impact has been overwhelming and universal. It is my hope that Representative CONTE's resolution will encourage continued research and progress in this field—ranging from the study of genetic properties of drug and substance addictions to cures for Alzheimer's and AIDS.

At this point in the RECORD, I would like to insert an eloquent article which SIL CONTE wrote for the new quarterly of the National Alliance for the Mentally Ill, "The Decade of the Brain."

The article follows:

THE DECADE OF THE BRAIN

(By Hon. Silvio O. Conte)

NEW FRONTIERS IN NEUROSCIENCE AND BRAIN RESEARCH WILL BE OPEN IN THE 1990'S

My resolution signed into Public Law 101-58 last July by President George Bush established the next 10 years as the "Decade of the Brain." This new era in brain research will be launched by the Institute of Medicine and the National Institute of Mental Health (NIMH) at the National Academy of Sciences in Washington, D.C., significantly at the same time in July that NAMI propels their families, members and supporters into the 1990's at their Chicago convention.

I am honored that the new research quarterly for NAMI will be titled "The Decade of the Brain" after my resolution and will give broad recognition to those efforts to meet the scientific and advocacy challenges posed by serious mental illness. Moreover, I feel this is an important aspect of NAMI leadership strategy in facilitating the implementation of the "Decade of the Brain." This new NAMI publication can be of invaluable assistance in making families, the American public, and its policy- and decision-makers aware of the phenomenal scientific opportunity now available in the neurosciences for elminating one of the nation's most serious economic and social burdens.

It was my firm intent, to which President Bush obviously agreed, and as outlined in my resolution, that "The Decade of the Brain" be dedicated to mounting a broad and renewed effort of the highest national priority. The objectives are to provide better understanding of mental disorders and their relationship to the human genome; to promote research leading to solutions for most, if not all, of the major disorders and diseases ravaging the brain; and to provide a fertile environment for scientific exchange, generation of collaborative efforts, and critical reviews of methods and goals.

I am very pleased to be able to report that this mandate is being taken quite seriously, and implementation has begun. NIMH and its National Advisory Mental Health Council, in anticipation of the urgent need placed upon us by increasingly rapid research advances, have completed an exhaustive report, "Approaching the 21st Century: Opportunities for NIMH Neuroscience Research." Combined with another major document recently developed by the NIMH, "The National Plan for Research on Schizophrenia," there now exists an intensive and comprehensive analysis of scientific needs and opportunities that focus exclusively on the mental illnesses. These have been combined into a plan called the "National Plan for Schizophrenia and Brain Research" which outlines basic and clinical research strategies that incorporate the newest biomedical technologies and involve basic, clinical, and behavioral research strategies.

Taken together, they represent real optimism and hope that we truly shall conquer the major mental illnesses by the year 2000.

STANLEY AWARDS ANNOUNCED

Theodore and Vada Stanley of Westport, Connecticut, in cooperation with the National Alliance for the Mentally Ill and the professional selection committee, have announced 14 international research awards. The 1990 Stanley Research Awards are part of a broad Stanley Foundation Program, a program currently totaling over $1.2 million for 1990. The research grants provide exciting opportunities to support the current technological promise to make the brain the research frontier of the 1990's. The Stanley Foundation program is designed to attract new investigators into the causes of serious mental diseases as well as to provide supplemental funding to particularly creative scientists already in the field.

Ted and Vada Stanley, while reading Dr. E. Fuller Torrey's book, "Surviving Schizophrenia: A Family Manual," were deeply moved by the pain and suffering experienced by the seriously mentally ill, as well as the agonizing stigma attached to the families. Moreover, according to Vada, "Fuller's book brought into perspective the personal and deeply moving experiences that Ted recalls from his grandmother's illness and hospitalization."

An exchange of correspondence eventually led to a personal meeting of the Stanley's with Dr. Torrey. "Fuller convinced us that so little was being done in research that we decided research advocacy for the seriously mentally ill would be the primary project of the Stanley Foundation," said Vada. "With the Foundation grants, we hope to achieve the goal of encouraging many of the brightest doctors to enter the field of mental illness research. Now we are optimistic that these researchers will compile a body of knowledge that will provide the breakthrough in brain research in this decade."

The 1990 Stanley Foundation Awards Recipients:

C.J. Bruton, M.D., Department of Neuropathology, Runwell Hospital, London, England

S.M. Castillo, M.D., Psychiatric Hospital of Havana, Havana, Cuba

L.E. DeLisi, M.D., Department of Psychiatry, State University of New York, Stony Brook, NY

P. Falkai, M.D., Department of Psychiatry, University of Dusseldorf, Dusseldorf, West Germany

L.C. Garey, Ph.D., Department of Anatomy, Charing Cross Hospital, London, England

R.W. Horton, Ph.D., Department of Pharmacology, St. George's Hospital, London, England

V. Itzhak, Ph.D., Department of Biochemistry, University of Miami School of Medicine, Miami, FL

A. Karlin, Ph.D., Department of Neurology, Columbia University College of Physicians & Surgeons, New York, NY

N. McConaghy, M.D., Prince of Wales Hospital, Sydney, Australia

E. Onaivi, Ph.D., Geriatric Psychopharmacology, National Institute of Mental Health, Rockville, MD

G.W. Roberts, Ph.D., Department of Anatomy, St. Mary's Hospital, London, England

M.C. Royston, M.D., Department of Physiological Sciences, University of Manchester, Manchester, England

M.V. Seeman, M.D., Department of Psychiatry, Mt. Sinai Hospital, Toronto, Canada

C.H. Vranckx, M.D., Faculty of Nursing and Medical Science, University of Namibia, Namibia

HUMAN GENOME PROJECT PROVIDES ANSWERS; CREATES PROBLEMS

The answer to the chemical underpinnings of human existence will be interpreted in the messages encoded in the Human Genome Project, and will give scientists increased power to predict, and cure human disease. However, it will also open the door to potential abuses.

For example, the rights of an individual to employment or objective consideration of a health insurance application could be jeopardized by the knowledge that the applicant is vulnerable to a disabling disease. Therefore, the National Center for Human Genome Research (NCHGR) will allocate at least 3 percent of its resources on solving this problem.

The NCHGR is accepting applications for conference and research grants as well as fellowships from philosophers, ethicists, lawyers, sociologists, and even economists, aimed at pinpointing the potential ethical, social, and legal problems surrounding the genome project.

Deadlines for applications for the research and conference grants are Oct. 1, 1990 and Feb. 1, 1991; the deadline for applications for post-doctoral fellowships is Sept. 10, 1990. For further information, call Bettie Graham, chief of the research grants branch at NCHGR, at (301) 496-7531.

NAMI AND THE WORLD HEALTH ORGANIZATION SEEK TO INCREASE EMPLOYMENT OF PERSONS WITH SERIOUS MENTAL ILLNESS

Until now, the major barriers to employment for people who are seriously mentally ill were ignorance, lack of ability, and lack of confidence. Now, NAMI officials and the World Health Organization (WHO) see by the end of this decade, increased involvement of families and consumers in the design, implementation, and evaluation of community services which will be personalized and customized. They will be made to order for the individual they are intended to assist.

Support and service will be seen as whatever innovations and adaptations are required to secure and retain employment. To provide immediate momentum to this concept, the WHO initiative will:

Form a special advisory panel comprised of representatives of patient and family advocacy groups and self help groups selected for their involvement in community activities in this area.

Publish guidelines about involving consumers in the design, implementation and evaluation of the service delivery system.

Encourage a multicenter network of research and service projects involving strengthened consumer input into the service delivery systems design.

Collect and analyze data from each site which will answer specific questions about

the needed next steps in rehabilitation technology for this population.

To make this first step, WHO is seeking a grant to support a meeting of potential funders and consumer and scientific representatives of the mental health community from selected developed and developing countries. The meeting would be convened in New York or Washington, D.C. to discuss the potential of a WHO initiative on cross-national demonstrations and evaluation of the consumer role in organizing, delivering and evaluating mental health care. Based upon feasibility, potential funders would be requested to provide financial support for subsequent demonstration and evaluation activities. In addition to WHO, other co-conveners of the meeting would be the World Academy of Art and Science, the New York Academy of Sciences, and the Washington Academy of Sciences. Please contact Dr. Ronald W. Manderscheid, Survey and Reports Branch, DBAS, National Institute of Mental Health, Room 18C-07, 5600 Fishers Lane, Rockville, MD 20857, Telephone (301) 443-3343.

DRS. TEPLIN AND KAUFMANN RECEIVE 1990 AWARD

"Although approaching schizophrenia from diverse disciplines, my goal has been to understand the pathogenesis and etiology of this illness, from the molecular through the physiological, to the interpersonal level," wrote Charles A. Kaufmann, M.D., in a narrative of his scientific interests. "My career has been dedicated to providing the requisite empirical evidence," said Linda A. Teplin, Ph.D., commenting on her interest in mental illness research. Teplin, Associate Professor of Psychiatry and Behavioral Sciences at the Northwestern University Medical School, and Kaufmann, Assistant Professor of Clinical Psychiatry at Columbia University, were both named recipients of the Judith Silver Young Scientist Award for 1990 by the NAMI Scientific Advisory Committee.

Dr. Richard Jed Wyatt, chairman of the advisory committee, said "I am delighted we were able to select two young investigators with such outstanding qualifications." He emphasized, "Dr. Teplin has made unique contributions to improving the care and welfare of the mentally ill while Dr. Kaufmann, in addition to his scientific accomplishments, has contributed actively to the process of educating the public through his involvement with NAMI, the APA, and other groups." The Advisory Committee, in addition to Chairman Wyatt, includes Steven Matthysee, Ph.D., Associate Professor of Psychology, Harvard University; and Samuel B. Guze, M.D., Professor of Psychiatry, Washington University.

PRES. BUSH TO OPEN "YEAR 2000" CONFERENCE

President George Bush will open the "National Health Promotion and Disease Prevention Objectives for the Year 2000" invitational conference in Washington, D.C., Sept. 6-7. The publication, "Healthy People 2000," will be released at that time and will include a report reviewing progress made in the nation's health during the 1980's and listing the objectives for the 1990's. A subsequent report will provide guidelines to implement the objectives at the state and local level and will be titled, "Healthy Communities 2000 Model Standards: Guidelines for Community Attainment of the Year 2000 Objectives for the Nation." For further details, please write to Healthy People 2000, Office of Disease Prevention & Health Promotion, Room 2132, U.S. Public Health Service, 330 C Street, S.W., Washington, D.C. 20201.

NAMI URGES RESEARCH ON SERVICES

National health expenditures in 1988 accounted for 11.1 percent of the gross national product, up from 9.1 percent in 1980. "The trends shown in this report are not cause of celebration," said Louis W. Sullivan, Secretary of the Department of Health & Human Services. "Health expenditures have been growing faster than the national economy for many years."

Health spending in 1988, totaling $539.9 billion, translates into $2,124 for each person, a 100-percent increase in per capita spending since 1980. Of that total, $23.2 billion went for mental health expenditures, but the mental health totals from NIMH include only the groups about which NIMH is allowed to collect data because of the expense involved (Source: Survey & Reports Branch). The 1988 figures are preliminary and exclude major categories such as physician's services, nursing home care, and some institutional treatment found in public schools and jails. Nevertheless, as indicated in the table below, the 1979-88 mental health per-capita spending of $40 to $95 shows a 137.5-percent increase.

But is this increase paying off for those most in need of mental health care—individuals with long-term mental illness? The NIMH is nearing completion of a new National Research Strategy to Improve Care for the Severely Mentally ill. The National Advisory Mental Health Council (NAMHC) will issue a formal report on the recommended strategy, which is eargerly awaited by the NAMI Grants Monitoring Committe. According to Committee Chairman Jim Howe, "The report is intended to stimulate expanded clinical services research, service systems research, and a variety of activities to bolster the research resources available to provide appropriate care and services to a special group of patients who have long-lasting and persistent mental-illnesses."

NAMI has asked the House Appropriations Committee to officially request receipt of the NAMHC conclusions under section 406(g) of the Public Health Services Act. The intent of the NAMI request is to expedite release of the findings and subsequent Congressional action to upgrade services research and reimbursement mechanisms.

PER CAPITA MENTAL HEALTH EXPENDITURES ACCORDING TO TYPE OF MENTAL HEALTH ORGANIZATION, SELECTED YEARS 1969-88

Organization	1969	1975	1979	1983	1988
State mental hospital	$9	$15	$17	$24	$26
Private psychiatric hospital	1	2	3	7	9
Non-Fed general hospital	2	3	3	9	15
VA medical centers	2	3	4	5	5
C.M.H.C.'s	1	4	7	NA	NA
Residential treatment centers for emotionally disturbed children	1	1	2	2	5
Psychiatric outpatient clinics	1	2	3	2	3
Partial care and multiservice centers	NA	1	1	12	19
All organizations	17	31	40	62	95

PLO PRAISES SADDAM HUSSEIN

HON. CHUCK DOUGLAS

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. DOUGLAS. Mr. Speaker, the PLO news magazine, The Return, is the international voice of the Palestinian organization. The publisher and founder, Raymonda Hawa Tawil, recently wrote the following article in full praise of Saddam Hussein and also specifically the fact that the Palestinian people owe so much to him. The article also points out that Saddam Hussein has vowed to destroy half of Israel if he is attacked. With this type of rhetoric, it is obvious that the PLO and Saddam Hussein continue in their goal to destroy the nation and democracy of Israel. Mr. Speaker, I offer this for insertion so that all may see what is really going on here.

SADDAM HUSSEIN—A LEADER WHO SYMBOLIZES ARAB COURAGE AND DIGNITY

(By Raymonda Hawa Tawil)

Baghdad, the city that hosted the recent Arab summit, is a proud Arab city, a cradle of civilization, rich with history and culture. Saddam Hussein, the leader of Iraq, has made Baghdad into a monumental cultural and scientific center, filled with museums and majestic monuments to glorify past and future generations.

Saddam Hussein is a proud leader who symbolizes Arab courage and dignity. He epitomizes people who are defiant, willing to fight until they are victorious. His victory, after eight years of a gruesome war with Iran, is telling of this new breed of a leader.

Saddam Hussein stood up to those who have arrogantly declared themselves masters of the universe, to superpower bullying, and declared to George Bush and Mikhail Gorbachev, who were meeting in Washington, that he is willing to fight for the freedom of occupied and oppressed Arabs, based on the same principles for which Abraham Lincoln fought and died. Men are born free and equal, and that is what Saddam Hussein wants for the Arab people.

In response to Israeli intransigence, Saddam Hussein has vowed to destroy half of Israel if attacked. With these words, he endeared himself to millions of Arabs as the Arab leader who is willing to stand up to Israel without fear and out of deep conviction.

The Palestinian people owe much to Saddam Hussein and the great people of Iraq. Hussein and his people have shared selflessly their fortunes with the people of Palestine, providing refuge, political and financial support, and a base for training.

History will record Saddam Hussein's contributions to the newly found glory of the Arab people.

PROHIBITION ON USE OF FUNDS FOR MILITARY ASSISTANCE TO UNITA

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. DYMALLY. Mr. Speaker, the United Nations has certainly emerged as a dominant force in the current Middle East conflict involving Iraq's invasion and occupation of Kuwait and the consequent acts of cooperation between the superpowers of the United States and the Soviet Union. These events bring into sharp and dramatic focus urgent need to reevaluate and reassess the process of resolution of conficts between warring parties and

factions in other parts of the world particularly Africa.

Mr. Speaker, the United States can no longer afford to be the dominant power in the resolution of these conflicts particularly when this involves expenditures of considerable sums of money in military assistance at a time when it is experiencing huge deficits and when important and significant domestic programs cannot be funded at functional levels.

This observation is cogent and relevant to the politico-economic and military situation in Angola where huge sums of money have been expended by the United States in military assistance to the National Union for Total Independence [UNITA] without any apparent impact in bringing about anything approaching a lasting peace after more than 15 years of military conflict in that troubled land.

It is additionally ironic that these huge militaristic expenditures are taking place at a time when famine and hunger pervade this land with far reaching, horrendous effects on both warring factions in Angola.

Conservative estimates from the United Nations indicate that approximately 96,000 Angolans are in critical condition and another 685,00 are at "risk" as a result of a 4-year drought and subsequent famine in southern and central Angola. This drought has killed thousands of human beings and destroyed large amounts of livestock and crops.

This need for humanitarian assistance is much larger than the military assistance provided by the United States to UNITA.

It is significant that the complete withdrawal of the Cuban forces from Angola is progressing beyond time frame expectations. On the other hand, recent evidence seems to indicate that South Africa has not completely stopped its military aid to the UNITA forces.

The time is appropriately propitious, therefore, in the interest of meaningful cease-fire and peace, for the two superpowers—the Soviet Union and the United States—to continue and to expand the process of rapproachment and cooperation by immediately effectuating a cessation of military assistance to the Popular Movement for the Liberation of Angola [PMLA] and UNITA factions respectively and by additionally calling upon the Government of the Republic of Angola to institute an immediate cease-fire; set in motion a multiparty democracy and guarantee free and fair elections under the monitoring aegis of the United Nations.

The United States Congress should and must play an important role in this process by immediately enacting that no funds be authorized and/or appropriated to provide military assistance to the National Union for the Total Independence of Angola [UNITA].

THE "EUREKA" CENTENNIAL

HON. NANCY PELOSI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Ms. PELOSI. Mr. Speaker, San Francisco, once the ferryboat capital of the world, is celebrating the 100th birthday of the largest steam ferryboat ever built, the *Eureka.* It stands today as a monument to days gone by, an era when ferryboat travel linked the bay's cities.

A San Franciscan who traveled on the *Eureka* as a child remembers:

When I was a child, I came West from Washington with my mother. It was wonderful for a youngster, looking out the train windows day after day at the changing scenery of this vast land. Finally, the train stopped at the edge of San Francisco Bay and all the passengers boarded a ferryboat, the *Eureka.* The ferry was the most wondrous thing of all with its engine wheezing a steady thump and the paddlewheels splashing the water. Now, almost half a century later, I can still walk onboard the *Eureka* and remember that wideeyed little boy.

The *Eureka* centennial reminds us of the rich maritime heritage of San Francisco Bay and the importance of preserving this history for the benefit of others who will come after us. The ferryboat *Eureka* is the last of her kind. And, unless we join in the effort of the San Francisco Maritime National Historical Park to save the *Eureka* and other historic ships that are the last remains of a bygone era, few people will ever experience the wonderment of a steam paddle tug, a square rigger, or scow schooner.

Congress established the San Francisco Maritime National Historical Park to preserve the world's largest fleet of historic ships, located in San Francisco. The purpose of creating the maritime park was to draw attention to the ships and to enlist a greater Federal and local effort to rescue those ships in danger of extinction.

The volunteer effort to preserve these ships has been unprecedented, with thousands of hours devoted to scraping, caulking, and painting. Even with this tremendous effort, the park needs more volunteers and help to save the *Eureka.* I ask the people of San Francisco to join me in sending out an SOS to save our ships. Without our help, the *Eureka* and other historic ships in the maritime park collection could be lost forever.

As the *Eureka* faces her second century, I look forward to seeing her fully restored in a manner befitting such a magnificent national historical landmark. Please join me in celebrating the life of the *Eureka* and her many future birthdays.

HONORING JOSE MIGUEL DIAZ AND REYNALDO CARREON, SR., FOUNDER, COMITE MEXICANO CIVICO PATRIOTICO

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. TORRES. Mr. Speaker, I rise to honor two distinguished gentleman, founders of the Comite Mexicano Civico Patriotico of East Los Angeles, CA, Drs. Jose Miguel Diaz and Reynaldo Carreon, Sr. Drs. Diaz and Carreon will be honored for their many years of service to the community on Saturday, September 15, 1990.

Dr. Jose Miguel Diaz was born on October 11, 1902 in Colima, Mexico where he was raised and educated. During the Mexican Revolution in 1916, he and his parents immigrated to the United States and settle in the city of Los Angeles, CA. After earning his M.D., he practiced medicine in the field of odontology until his retirement in 1988.

Dr. Reynaldo Carreon, Sr. was born on September 10, 1895 in Indio, CA, where he was raised and educated. He served in the U.S. Army from 1920 to 1925 in Texas where he also attended the university. Dr. Carreon is married and has two children. He is retired and currently lives in Indio.

In 1931, they joined with their friends, Don Rafael De La Colina and Mr. Antonio A. Moreno to found the Comite Mexicano Civico Patriotico. This committee was formed to promote Mexican pride in culture and tradition by providing positive expression through historical events and figures to the growing Mexican immigrant community living in Los Angeles. The committee's annual event, focuses around the celebration of the 16th of September, which is the Mexican Independence Day. The celebration begins on the 15th of September with the reenactment of "El Grito" which was the famous call to arms against the Spanish occupation and culminates with the Annual 16th of September parade in East Los Angeles.

Both Dr. Diaz and Dr. Carreon have been lifetime members of the Comite. Dr. Diaz served as its Secretary in 1931 and as its President in 1936, 1937, and 1938. Dr. Carreon also served as President for several tenures.

In addition, the good doctors participated in the founding of the Los Angeles Chamber of Commerce and the "Beneficencia Mexicana" of which they were also active members.

As the grand marshall of this year's 16th of September East Los Angeles parade, it is my distinct privilege to salute two men who have worked tirelessly to instill pride in the Mexican Amerian community by helping to keep our historical heritage alive, Drs. Miguel M. Diaz and Reynaldo Carreon.

Mr. Speaker, at this time, I ask my colleagues to join me in honoring Drs. Diaz and Carreon and the officers and members of the Comite Mexicano Civico Patriotico for their continuous efforts in making the annual 16th of September celebration in Los Angels a tremendous success every year.

SENSIBLE DEFENSE AND ENERGY POLICIES

HON. BYRON L. DORGAN

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. DORGAN of North Dakota. Mr. Speaker, the United States has again led the effort to prevent aggression and the disruption of energy supplies in the Middle East. I support the goal of that policy but it's also time for a midcourse correction.

The United States military intervention in Saudi Arabia grows out of understandable concern about Iraq's takeover of Kuwait and its aggressive posture toward Saudi Arabia. There are also legitimate fears that our nation-

al security might be threatened by a cutoff of oil from the Middle East.

However, I am troubled that the United States again initially acted alone in sending military forces to deal with a regional crisis outside of our alliance responsibilities. Only later did some allied and friendly nations commit their forces. Many of our allies still have not provided either the military or financial support commensurate with their fair share of this undertaking.

GENUINE BURDENSHARING NEEDED

While this venture costs U.S. taxpayers $1 billion per month, the Japanese have agreed to invest only $2 billion total in support of activities related to the operation—even though they import 70 percent of their oil from the Middle East. Likewise, the West Germans have not agreed to pay any expenses and have provided only limited naval and logistical support—while they, too, rely heavily on Middle Eastern oil. Most incredibly, the West German Government has just signed an $8 billion pact to retain and relocate Soviet soldiers now stationed in East Germany

It's time to blow the whistle on such nonsense. We must press nations like Japan and West Germany to provide their fair share of financial, technical, and logistical support for a common effort.

I am also perplexed that the United Nations was not used as a vehicle to impose an economic blockade on Iraq or to resolve the dispute until after the United States had already made a military commitment. We simply must do a better job of developing coordinated, diplomatic solutions and not rely so heavily on our own independent, military actions. Otherwise, U.S. soldiers and citizens are subjected to unnecessary and serious risks.

WORKABLE ENERGY POLICIES REQUIRED

The crisis also illustrates the bankruptcy of our national energy policy: a decade after prior energy crises we have not put in place a rational plan to stimulate domestic production or to conserve fuel consumption. We must use this occasion to fashion a workable energy policy which in my view includes the imposition of an oil import fee, the utilization of North Dakota ethanol, coal, oil, and natural gas, and the support of innovative synfuels technology like that of the Great Plains Coal Gassification Plant and UND's Energy and Environmental Research Center.

While we strive for energy independence, we must prevent greedy corporations from using market fears as an excuse to inflate fuel prices and to exploit consumers. I have called for an investigation by the Attorney General to put a halt to price manipulation.

In conclusion, Mr. Speaker, the Persian Gulf crisis demonstrates our resolve to stop aggression but also reveals our failure to demand genuine defense burden sharing and to devise an effective national energy policy. We must insist that our allies pay their way abroad even as we build real energy independence at home. We must do better.

TRIBUTE FOR THE ALLEN HOUSE

HON. JAMES A. TRAFICANT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. TRAFICANT. Mr. Speaker, today I rise to pay tribute to the Allen House, a historical landmark in my 17th Congressional District of Ohio.

Built in 1821 for Dr. Peter Allen, the Allen House stood proudly throughout much of the 19th and 20th century, but, by 1953, had fallen into a considerable state of disrepair. This situation was rectified when the house was purchased and carefully refurbished by Alice Blaemire in 1953.

When Alice Blaemire purchased the Allen House there was no lawn, no driveway, briars and brush engulfed the outside of the house, and it had not been painted since 1918. Within a few short years the new owner successfully restored the splendor of the Allen House and decided to open the house to serve Sunday dinner and special parties. I salute the dedication of Mrs. Blaemire in restoring and opening the Allen House to the people of northeast Ohio. Currently, the Allen House is open only for special parties on any day but Sunday.

Again, I would like to pay tribute to the Allen House, particularly to Alice Blaemire for restoring the magnificance of one of the true historical landmarks of my 17th District.

ENVIRONMENTAL ASSISTANCE AMENDMENT TO THE DEFENSE AUTHORIZATION BILL

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. PORTER. Mr. Speaker, I want to draw Member's attention to an amendment I hope to include in the en bloc Defense authorization amendment. My amendment would authorize the loaning, leasing, or sale of benign military equipment and services for purposes of environmental restoration and protection in foreign countries.

The reason for this amendment is twofold. First, following the United States action in Panama, I tried to help secure the use of United States equipment which was already in Panama for work in environmental restoration by the Panamanians in cooperation with the Smithsonian Tropical Research Institute.

In what seemed to be logical request I found the United States was bound to say "no." Not by intent or desire, but by law. This amendment will change that law, and in the future allow for a more humane legacy to be left to our allies.

Finally, the amendment codifies something we are all painfully coming to understand: environmental problems are serious, worldwide problems of health and safety. Our world-class armed services have a lot to offer for environmental assistance and in the process will help spread goodwill across our boundaries.

A TRIBUTE TO MIKE CADLE

HON. BILL SCHUETTE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. SCHUETTE. Mr. Speaker, I rise today to pay tribute to an outstanding citizen of Michigan, Mr. Mike Cadle, who willingly serves the community of Inkster in the position of resident manager of Thompson Towers. An appreciation luncheon will be held in Mike's honor by the residents of Thompson Towers on September 19, 1990.

Through an article written by Maureen Spariosu, I have learned that Mike began his career at Amurcon Corp. in 1981 in the position of grounds supervisor at Charring Square in Monroe, MI. One year later he was promoted to the position of resident manager of Thompson Towers in Inkster, MI. Mike's former supervisor describes him as a hard worker who always wanted to make sure tasks were properly done. Always displaying a cheerful attitude, Mike enjoyed a good rapport with his coworkers, the residents, contractors, and vendors.

Along with singing gospel songs while performing his duties, Mike also has special talents in carpentry which are evident in the closets and workbench he designed for the maintenance room at Thompson Towers. His talent for furniture design can be observed in the desk and shelves in his present office. At home Mike enjoys working with his father on home improvements projects. Recently he has been involved in building a new deck. Mike's wife, Sandra, and their son, Dae Soo are an important part of his life, and he enjoys the time he spends with them.

Mike is an enthusiastic employee who participates in various committees which focus on work projects or social events for his fellow employees at Amurcon. His creative ideas and support of the Lifestyles Club has helped this excellent service become increasingly responsive to the needs of the residents. Mike's devotion to God, most important in his life, is shown by his involved activity at his church and in the kind manner in which he regards the residents of Thompson Towers.

Mr. Speaker, and my colleagues in the House, please join me today in saluting Mike Cadle, an outstanding citizen of Michigan who through the support and friendship he extends to others, and through his work, has set a standard which all Americans should admire and attempt to emulate.

KILDEE HONORS HISPANIC SERVICE CENTER IN IMLAY CITY

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. KILDEE. Mr. Speaker, as our Nation celebrates National Hispanic Heritage Month, I am pleased to recognize the day long celebration being held in Imlay City, MI, on Sunday, September 16, 1990.

Local community volunteers, business merchants, and the Hispanic Service Center sponsor the event. Festivities include a parade, entertainment, and a special food fair. The celebration will focus on Hispanic accomplishments and culture. Hispanics now represent a significant percentage of the Nation's total population and the influence of Hispanic culture and ideas will continue to grow through the next century.

In Imlay City, the Hispanic Service Center plays a major role in enhancing the quality of life for Hispanics year round. Examples of the programs provided are immigration assistance, counseling, and outreach through home visits, translations, legal aid assistance, emergency food and shelter. They provide important role models for the community and youth.

I congratulate the Imlay City area for encouraging Hispanic awareness and culture. The Imlay City community recognizes the significant role Hispanics have played in the growth of this Nation. They are to be commended for promoting the diversity of culture that enriches our country.

PROMOTING THE SUMMER 1993 WORLD UNIVERSITY GAMES

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. LAFALCE. Mr. Speaker, I am introducing legislation to facilitate the promotion of the summer 1993 World University Games. The International University Sports Federation has designated the United States to host their games which are a major world amateur athletic competition.

The legislation tracks the precedent enacted for the U.S. Olympic Committee in the Amateur Sports Act of 1978. It expedites the granting of trademark protection for symbols and logos of the International University Sports Federation in connection with the World University Games exactly as was done for the symbols and logos of the International Olympic Committee. By granting this trademark protection immediately, it will enable the Greater Buffalo Athletic Corp., a not-for-profit corporation organizing and sponsoring the games, to proceed expeditiously with its promotion. Time is of the essence if preparations for the 1993 games are to be successful and this legislation will simply avoid the cumbersome procedures to accomplish trademark protection under the regular procedures for individual marks.

The legislation describes the trademarks and logos to be protected and allows for their licensing to contributors and suppliers in exactly the same way as the Olympics legislation of 1978.

The principal difference from the 1978 legislation is the provision for a sunset termination of protection for periods after 1994. The Olympics protection is ongoing because of the continuing need for protection.

Quick enactment of this legislation will enable U.S. amateur athletes to take advantage of this great opportunity to bring reknown and prestige to the United States.

CONTINUING DETERIORATION OF LARGE NAVAL DRYDOCK AVAILABILITY ON THE WEST COAST

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. ANDERSON. Mr. Speaker, section 2813 of the fiscal year 1991 House Armed Services Committee defense authorization report "requires the Secretary of the Navy to enter into a lease with the City of San Francisco for not less than 260 acres of the Hunters Point Naval Shipyard." This lease constitutes exactly half of this land and would be for a period not less than 30 years. The committee report states—

This section would permit the City of San Francisco to execute a development plan for Hunters Point to bring employment to the area. Hunters Point is bordered by the most depressed area of the city. Development on Hunters Point could bring jobs and prosperity to this community.

While this section benefits San Francisco tremendously, we also must consider its effect on naval carrier repair.

Clearly, the priority here and the committee's intent is to turn this defunct shipyard land over to the city for the purpose of economic benefit to the region. The committee correctly points out that this shipyard has no mission due to the recommendation of cancellation of strategic home port status by the 1988 Commission on Base Realignment and Closure, its subsequent deactivation, and the process of deterioration of this land that has become severe. The area is also highly polluted. There currently being no plan to resurrect this shipyard, combined with the area being so run down so that further use is nearly impossible, we can only expect Hunters Point to continue along this road to ruin.

The Armed Services plan provides the city of San Francisco with the opportunity to take this valuable piece of land and turn it into an economic asset, effectively addressing the problems of a depressed area. I support this goal and commend the committee for its ability to provide public land for the good of the local community. Yet, this action should give us pause regarding the availability of large drydock space in California, the home of 31 percent of the U.S. naval surface fleet.

Currently, both Mare Island Naval Shipyard and local private ship repair contractors have the ability to use the nuclear carrier-capable drydock at Hunters Point. But this arrangement does not work simply because the drydock is unusable right now, and in all likelihood will continue to remain in this state. Furthermore, Mare Island Naval Shipyard probably does not retain the skills necessary to perform large-scale, complex surface ship repair. Should the city of San Francisco profit from the use of this leased land, it is very probable that eventually all the land at Hunters Point will be turned over to the city for economic redevelopment. The deteriorating state of the area and city designs on the property, mean, in all likelihood, that the drydock will never be used again.

Yet, at the same time, the Department of Defense has embarked upon a course to close the Long Beach Naval Shipyard, the only other nuclear aircraft carrier-capable facility in California, and the only place south of Bremerton, WA, 1,200 miles away, that has a drydock capable of such large-scale work. For all practical purposes, Hunters Point is defunct. Following the demise of Hunters Point, a decision to close the Long Beach Naval Shipyard would be akin to shooting ourselves in the foot. Carriers are the heart and soul of the U.S. Navy. Retaining these ships means retaining the capability to repair and overhaul them. So, while we slowly but surely lose the Hunters Point drydock and watch our naval ship repair infrastructure crumble further, we have no choice but to keep open the Long Beach Naval Shipyard.

RECALLED TO LIFE

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. GREEN of New York. Mr. Speaker, it is with great pleasure that I bring the attention of my colleagues to an important community event that occurred in my district during the August recess. On August 3, 1990, Temple Beth Yitzchok of New York City, a venerable landmark synagogue, reopened its doors to the community. After a hiatus, the congregation has been "recalled to life." We welcome this happy event because we know Beth Yitzchok will cater to the spiritual and cultural needs and concerns of its community. Likewise, Temple Beth Yitzchok's devout leader, Rabbi Meshulam Rottenberg, an eminent New Yorker and prominent figure in the Jewish commuity, will continue that fine tradition.

At this time, I should like to join my colleagues in welcoming the congregation of Beth Yitzchok back into existence.

THE SMALL BUSINESS ACCESS TO SURPLUS FEDERAL PROPERTY ACT OF 1990

HON. JOSEPH M. McDADE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. McDADE. Mr. Speaker, today I am introducing legislation to facilitate the transfer of

millions of dollars of useful surplus Federal property to small businesses to help them grow, create jobs, and generate new revenues. There are currently nearly 20 million small firms in the United States; in fact, over 99 percent of all businesses in this country are classified as small by the U.S. Small Business Administration. These firms were responsible for the economic miracle of the 1980's.

During that decade, over 18 million new jobs were created, making it the greatest peacetime economic expansion in our Nation's history. Today, America's small enterprises create 2 out of every 3 jobs, employ 6 out of every 10 workers, account for at least 700,000 new business startups each year, generate nearly 40 percent of the private sector gross national product, and contribute an estimated 57 percent of all innovations. The future promises an even greater reliance on these firms. A recent study by the SBA estimated that in the next 25 years the U.S. economy will need to create 43 million new jobs and 75 percent of these will have to come from the small business community. If these firms are to continue to be America's partner in growth, they must have access to the resources they need to produce and expand. Without them, they will be unable to create new jobs and generate revenues, putting at risk our long-term economic security.

The rapid expansion of the small business sector is due in large measure to its demonstrated ability to make the most productive use of resources. However, most fledgling and even some established small businesses find it difficult to acquire these tools which they need to develop and grow. When small firms have these resources, they are able to produce quality goods and services and offer them at competitive prices.

The Federal Government, under the aegis of the General Services Administration, controls a multimillion dollar treasure trove of surplus property. Given small firms' proven record of managing resources to create new jobs, generate new revenues, and start new ventures, a compelling argument can be made in favor of placing these surplus goods with them. Each year, the Federal Government donates millions of dollars of surplus Federal property through State agencies to public agencies and private nonprofit education or public health institutions. Therefore, this measure, the Small Business Access to Federal Surplus Property Act of 1990, amends the Federal Property and Administrative Services Act to allow State agencies to donate surplus Federal property to firms classified as small by the U.S. Small Business Administration. In addition, the Small Business Act would be amended to direct the SBA to compile a list of all eligible small businesses located in each State and provide this information to State agencies. SBA would also be required to furnish State agencies with guidelines for identifying small business concerns which are not included on the list and to update each State register and such guidelines on an annual basis. Under the current program, States undertake significant efforts to verify the eligibility of those organizations which receive property. Similar vigilance is expected and mandated under this initiative to ensure the integrity of the program. Finally, the SBA would be required to submit a report to the Congress and the President detailing the value, quantity, and types of property distributed to small concerns. The report would also include an analysis of the economic benefits attributable to these property distributions and make any necessary recommendations for administrative and legislative action to further improve the program.

Perhaps the most important comment I can make regarding this measure is that it would not require any new Federal spending. All that is needed for small businesses to receive surplus Federal property is their addition to the list of eligible donees. This simple measure, if enacted, could have a tremendous effect on the Nation's key to future prosperity—small businesses.

Mr. Speaker, I urge my colleagues to give this initiative their enthusiastic support.

HONORING THE DAUGHTERS OF WISDOM FOR 85 YEARS OF GOOD WORK

HON. GEORGE J. HOCHBRUECKNER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. HOCHBRUECKNER. Mr. Speaker, I rise today to ask my colleagues to join me in recognizing the work of the Daughters of Wisdom at St. Charles Hospital and Rehabilitation Center in Port Jefferson, NY.

The Daughters of Wisdom is a teaching order of Catholic nuns, originally from France, who came to the United States in 1906. This month marks the 85th anniversary of their compassionate mission of caring for the people of Northern Brookhaven and Port Jefferson, NY, areas which I am privileged to represent in Congress.

St. Charles, which was Suffolk County's first health care facility, began as a hospital for the treatment of children, who previously were often without proper medical attention. The Daughters of Wisdom built a national reputation through their effective and dedicated work in the polio epidemic of the 1920's and 1930's. As the hospital's reputation grew and prospered, the Daughters of Wisdom were able to offer more comprehensive services.

St. Charles Hospital was the first facility on Long Island to offer amputee services, construct a hospital treatment pool, and open a seizure and neurology center. These are only a few of the many examples of faithful service and dedication my colleagues would find at St. Charles Hospital. The Daughters of Wisdom have been joined by other religious orders and by medical professionals in their continuing efforts to bring the most advanced, compassionate care available to Long Islanders. Eighty-five years after the Daughters of Wisdom arrived on Long Island, St. Charles Hospital continues to provide the warm touch and professional attention that has enriched thousands of people's hearts.

Mr. Speaker, I am proud to recognize the fine work at St. Charles Hospital and Rehabilitation Center and ask my colleagues to join me in wishing them another 85 years of success and good works. Thank You.

LEGISLATION THAT WOULD RESTRICT CERTAIN FIREARMS

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. CRANE. Mr. Speaker, both Houses of Congress will soon be faced with legislation that would restrict certain firearms. In preparation for the debate on this legislation, I commend to my colleagues an advertisement that appeared in the September 3, 1990, issue of Roll Call. You will find that over 100,000 police officers, those individuals who are perhaps the best qualified to make a decision on this matter, say "no" to proposals that restrict our rights to possess certain firearms, and thereby say "no" to restricting the rights bestowed upon us under the second amendment. The time has come for us, as Federal legislators, to stop addressing this issue from a skewed perspective. If we want to put a halt to needless crimes and killings, show the criminals that if they violate the law, they will have to pay the price. It is counterproductive to restrict the rights of the majority of American citizens who are law abiding and contribute to our society. If nothing else, show this Nation's police officers, who on a daily basis put their lives on the line to protect each and every one of our constitutional rights, that we appreciate and respect their insight on this matter.

MORE THAT 100,000 POLICE OFFICERS ARE WILLING TO SPEAK OUT AGAINST H.R. 4225, S. 1970, AND OTHER DECONCINI TYPE "ASSUALT RIFLE" LEGISLATION

WE'RE TIRED OF HEARING OUR VIEWS MISSTATED AND OUR OPINIONS MISREPRESENTED. SO WE INTEND TO SET THE RECORD STRAIGHT SO YOU'LL KNOW THE TRUTH FIRST-HAND.

The majority of America's police officers do not support a ban on semi-automatic rifles. The false and tiresome drone that they do has been used very successfully to bludgeon you into submission on a critically sensitive civil rights issue which has been camouflaged as a "crime control" measure. By repeating that pap ad nauseam for your benefit . . . and by constantly running instant replays of the testimonies of a few desk-bound police administrators and political aspirants who purport to represent the rank and file of America's working police officers . . . the gun control activists have actually managed to convince some of you that by supporting restrictive firearms measures you are acting in the best interest of cops everywhere. That is simply not true! We know that firearms ownership by law abiding citizens is not the problem . . . that criminals will continue to use whatever firearms they choose whether or not they're ruled illegal . . . that vast amounts of precious law enforcement resources will be wasted chasing after law abiding citizens who have owned these guns for years. We're also concerned that passage of ill-conceived laws like these will ultimately pit law enforcement against honest citizens whose prized firearms collections have suddenly been deemed "illegal".

Here's how real street cops feel about banning and restricting semi-automatic rifles:

Deputy Dennis R. Martin, Saginaw County (Michigan) Sheriff's Dept., National

President, American Federation of Police (103,000 members):

Firearms owners care deeply about their rights and are faithful, patriotic citizens. We urge Congress not to ban semi-automatic firearms, making these traditionally law abiding Americans into new offenders. Instead, Congress should aim new legislation at mandatory punishment for real criminals."

Patrolman Jonathan E. Schramm, Washington Township Police Department, Warren County, New Jersey:

All government, from the federal to the local level, owes its very existence to law abiding citizens. Unfair semi-automatic firearm legislation aimed at these law abiding citizens only serves to drive a wedge between government and the people we police are sworn to serve."

Chief William E. Osterman, Jr., Elmer, New Jersey:

"Banning the ownership of semi-automatic rifles will have NO impact on violent crime. In New Jersey, we have had twenty years of the toughest gun laws in America, and those laws have not reduced violent crime. Banning these firearms will only affect honest citizens. Criminals laugh at our laws. The only way to end their laughter is by sending them to prison, not by implementing more restrictive gun laws."

Active, working police officers are acutely aware of several important facts with which you should also become familiar:

Only a scant 2% to 3% of all firearms confiscated in association with the commission of crimes are semi-automatic rifles.

Historically, increased firearms restrictions do not curb violent crime, as evidenced in both Washington, D.C. and New York City.

Many of the semi-automatic firearms included on the various black lists are not even suitable for use by drug dealers and street gangs because they're too big, too heavy and non-concealable. Neither are most of these firearms "easily converted to fully automatic fire" as commonly misrepresented.

As the saying goes: "When only police are armed, we will live in a police state." Nobody knows the truth of that axion as well as a police officer who will one day retire from public life.

In a recent poll taken by the National Association of Chiefs of Police of more than 16,000 sheriffs and chiefs of police representing every department in the United States, 91% of the respondents said that banning firearms of any kind would not reduce the ability of criminals to obtain them . . . 88% answered that banning "military type" long guns would not reduce the ability of criminals to obtain them . . . and 88% stated that even outright banning of private ownership of firearms would not result in fewer crimes with firearms.

This ad is supported by the American Federation of Police, the National Association of Chiefs of Police, and Law Enforcement for the Preservation of the Second Amendment (LEPSA); and sponsored by the American Shooting Sports Coalition. Because we think it's time for the views of real police officers to be honestly represented.

Now . . . Perhaps Your Vote Can Really Be in Our Best Interest.

THE MEDICAID PRESCRIPTION DRUG FAIR ACCESS AND PRICING ACT OF 1990

HON. JIM COOPER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. COOPER. Mr. Speaker, sometimes an idea comes along that is so simple, so powerful, and so compelling that people wonder why it hadn't been considered years before. Our colleague in the other body, Senator PRYOR, has come up with such an idea, and my House colleague RON WYDEN, and I, are introducing legislation today in the House to implement that idea.

The idea is simple. When the U.S. Government is a large purchaser of something, it should be able to negotiate to get either the lowest possible price, or at least as good a price as other bulk purchasers are getting. The U.S. Government should be run more like a business, which almost always bargains to get the best possible deal. The converse of that is the Government should never blindly pay the highest possible prices, thus wasting precious taxpayer dollars, because it is too stupid to get a discount.

In many cases, the U.S. Government does get reduced rates. When the Federal Government purchases everything from automobiles to fountain pens, even renting hotel rooms, a substantial discount is available from the supplier.

I think most Americans would be shocked to learn that the U.S. Government, through the Medicaid Program, is the top purchaser of prescription drugs in America and yet rarely gets the discounts that smaller purchasers get. In fact, we taxpayers usually end up paying top dollar. In most cases, Government hasn't even tried to get lower prices. We've let the drug companies tell us how much they would like to be paid, and we have paid them with no questions asked.

The cost of this extravagance has been largely hidden, but it has been extraordinary. This unlegislated, unrecorded subsidy to the pharmaceutical industry has cost the Nation's Medicaid Program, and thus the Nation's taxpayers and poor, an estimated $2.5 billion over 5 years, according to the Congressional Budget Office and the Office of Management and Budget. Hundreds of million dollars every year have not reached the poor in America because the U.S. Government did not get a better deal from U.S. drug companies.

This is not to say that the U.S. pharmaceutical industry is all bad. Far from it. It leads the world in innovation and quality. Countless lives have been saved and improved as a result of the industry's research and product development. Being the world leader is not cheap. It takes money and lots of it. But the drug companies have found one way of getting lots of money from the Federal Government without the need for an appropriation or even an explanation. By simply refusing to bargain with the Federal Government, they have created a secret subsidy for themselves that is unfair to the taxpayers and poor of America.

The U.S. pharmaceutical industry gives discounts to the vast majority of hospitals in America because they are smart enough to demand them. The industry also gives lower prices to the Veterans' Administration hospitals and to health maintenance organizations. Why not to their biggest customer, the U.S. Government's Medicaid Program?

Some States have caught on to this game and have begun the bargaining process. But they have often been forced to resort to formularies, restrictive lists of drugs that Medicaid patients may be prescribed, in order to gain a bargaining advantage with the drug companies.

The Federal Government has the power and the responsibility to make sure that every State, every taxpayer, and every poor person, is protected from wasteful spending in the Medicaid Program. The Pryor bill, which we are introducing today, achieves these savings without harming the legitimate interests of either poor citizens or drug companies. This bill should be distinguished from an earlier bill, S. 2605, which Senator PRYOR introduced on the same subject but with a significantly different set of solutions.

This bill we are introducing today assures access to the best prescription drugs on the market for our Nation's poor. No one need fear the creation of a system of second-class drugs for our Nation's poor. In fact, the estimated budget savings of $1.6 billion over 5 years that this bill will produce should allow the Medicaid Program to reach out to many more people in order to serve them better.

Major companies in the U.S. pharmaceutical industry itself have shown that they can live quite well when they give discounts to their largest customer. Several leading drug manufacturers have offered voluntarily to treat the U.S. Government as they do their other large customers, instead of discriminating against it. Unfortunately, these voluntary industry initiatives, while commendable, do not go far enough and lack adequate safeguards. To be sure, the Pharmaceutical Manufacturers Association is still against the legislation, as you would expect a trade association to be. But I feel that it is losing more and more of its members on the issue. These companies expect discounts from their suppliers; the Federal Government expects discounts from its suppliers.

The leadership of the pharmaceutical industry will be tested by the manner in which it wages this fight. Will it sink to the lowest common denominator and fight to the last breath of the last company that wants to preserve this hidden and unfair subsidy? Or will it be thankful for the many years the U.S. Government has paid it top dollar, and argue for open, efficient subsidies that it is prepared to defend in public and on the merits?

To be honest with you, the first skirmishes have not been encouraging.

A very common tactic has been used: Discredit the first Pryor bill in the hopes that all subsequent legislation, such as the bill we are introducing today, will either not be noticed or discredited.

Another tactic: Don't work with the Congress to improve the legislation and discourage those companies who are willing to; make Congress figure out everything on its own.

Efforts have even been made by the pharmaceutical industry to convince our Nation's poor that they are better served with the current system, in which our Nation's Medicaid Program is hundreds of millions smaller than it could be if we did not secretly funnel that money to the pharmaceutical industry.

Efforts have also been made to hide the fact that so many of the new and expensive drugs being introduced today are so similar to existing drugs that they are little more than an excuse for a price increase. So much of our technological talent is being wasted on "me-too" drugs that cost a lot more but don't cure a lot more.

I would hope that this is an issue that businessmen in the pharmaceutical industry would treat as businessmen. Don't discriminate against your biggest customer, even if it is the Federal Government. Don't treat Uncle Sam like Uncle Sucker. Why? Because we all lose as taxpayers and as a nation when we exploit our own Government.

I am not an enemy of the pharmaceutical industry. In fact, I have generally supported their initiatives. I am open to any argument they want to make for open, targeted subsidies to help it bring needed drugs to market. I am an enemy of waste, and of secret subsidies at the taxpayers' expense. The pharmaceutical industry of America needs to treat our taxpayers with more respect and offer them, and the poor of America, at least the discounts that they offer to other groups.

I thank again my colleague, RON WYDEN, of Oregon, for joining me in this important legislation.

BAY AREA NETWORK OF LATINAS AND THE WOMEN'S HERITAGE MUSEUM

HON. NANCY PELOSI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Ms. PELOSI. Mr. Speaker, I rise today to share with my colleagues the efforts of the Bay Area Network of Latinas [BANELA] and the Women's Heritage Museum in their project to promote awareness and recognition of Juana Briones, the pioneer of North Beach, and on the occasion of the first Juana Briones Award that will be awarded to Gladys Sandlin.

BANELA provides support, networking, and community service to benefit the Bay Area Latina community and bring awareness of the contributions of the Latina to society. The Women's Heritage Museum, incorporated in 1985, promotes public knowledge and understanding of women's history. Together, BANELA and the Women's Heritage Museum have joined forces to bring recognition from the State of California and the city and county of San Francisco to Juana Briones, a pioneer settler during the Hispanic period of California history.

Historical records refer to Juana Briones as either the first or one of the first three settlers of Yerba Buena [San Francisco]. During the 1830's and 1840's she and her children raised cattle and farmed the area that is now Washington Square Park in San Francisco. Juana Briones was an energetic, resourceful person known as a humanitarian and a healer who was the preeminent woman of the region and that "[n]o other Spanish or Mexican woman in California is known to have reached her position and maintained it through life."

In 1989, BANELA and the Women's Heritage Museum obtained approval for a State historic plaque to be placed in Washington Square Park for Juana Briones' contributions in settling San Francisco. They have also established the Juana Briones Award for outstanding contemporary women who exemplify Juana Briones' qualities as a businesswoman, healer, and humanitarian.

On September 13, the first Juana Briones Award will be bestowed upon Gladys Sandlin, an extraordinary woman in San Francisco's Hispanic community. Gladys Sandlin has dedicated her time and energy to the improvement of health and mental services for San Francisco's Spanish-speaking community. As executive director of the Mission Neighborhood Center since 1982, she has been at the forefront of efforts to meet the need for accessible, affordable services for the Hispanic community.

Mr. Speaker, I salute the achievements and efforts of BANELA and the Women's Heritage Museum in honoring the contributions of Juana Briones, a unique and special woman in the history of California and San Francisco. Finally, I congratulate Gladys Sandlin, a humanitarian and a healer, who best exemplifies the spirit of Juana Briones.

HONORING LA PUENTE HIGH SCHOOL, HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT, LA PUENTE, CA

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. TORRES. Mr. Speaker, today I rise to recognize La Puente High School. This educational institution, located in my congressional district, has been "Home of the Warriors" in the city of La Puente since 1915. In order to commemorate its 75-year anniversary, arrangements have been made to celebrate this occasion on October 12, 1990.

Opening its doors in September 1915, Puente Union High School became the first high school in the La Puente Valley, an agronomic region stretching from El Monte to Pomona. In 1956, when the city of La Puente was incorporated, the Puente Union High School District deemed it fitting to rename Puente Union High School, La Puente High School.

La Puente High School has a unique link with local Indian tribes of the area. Excavation for the first high school—Puente Union—uncovered an ancient campsite. Consequently, the high school has taken on Indian names for the mascot (Warriors), newspaper (Tomahawk), annual (Imagaga), and multipurpose room (Wigwam).

In its 75-year history, the high school has been witness, as well as catalyst to tremendous growth. The high school's student body has grown from 60, and 2 first-year graduates, to 1,600, with approximately 300 graduates per year. Currently, La Puente High School sits in a light industrial region, no longer the almond and walnut small farm community of 1915. The campus is one of the largest and most beautiful in the San Gabriel Valley. Its expansive lawns and abundant use of trees make it a place of beauty in the La Puente Valley.

Warrior Pride has always been a keystone of La Puente High School. This is due, in part, to the small-town atmosphere of La Puente where the La Puente grads have always held La Puente High School in special esteem.

Mr. Speaker, I ask my colleagues to join me in saluting the alumni, student body, faculty, staff, and my good friend, Stuart Reeder, principal of La Puente High School, on the occasion of their diamond jubilee.

SUPPORT OF H.R. 1461, THE TEXTILE MACHINERY MODERNIZATION ACT

HON. ELIZABETH J. PATTERSON

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mrs. PATTERSON. Mr. Speaker, today I would like to urge my colleagues to support H.R. 1461, the Textile Machinery Modernization Act, of which I am pleased to be a cosponsor. This legislation would set aside 5 percent of tariffs collected on imported textile machinery. This money would then be used to finance research and development projects related to modernization of the U.S. textile machinery industry.

Mr. Speaker, this legislation is significant for many reasons. First, the textile machinery industry is essential to our country's defense needs. Currently, out of 92 U.S. industries considered critical to the United States' defense needs and industrial base and identified by the Commerce Department as trade-injured, the textile machinery industry ranks among the top 10 suffering significant trade injury.

In addition, H.R. 1461 will help our small businesses. Almost every U.S. company producing textile machinery is considered a small business. As we attempt to reduce our global trade deficit and increase opportunities for U.S. exports, we must promote fiscally responsible policies that will facilitate all efforts. This legislation will help ensure U.S. textile machinery manufacturers equal and affordable access to research, development, and technology essential for their continued economic viability and competitiveness in world markets. If enacted, H.R. 1461 will help reduce the U.S. trade deficit, save jobs for American workers, and contribute to America's economic growth.

I urge my colleagues to support this bill.

SPECIAL TRIBUTE TO JOHN W. O'BREINE, A DISTINGUISHED AMERICAN

HON. BRIAN J. DONNELLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. DONNELLY. Mr. Speaker, I rise today to pay tribute to a great American, the late John W. O'Breine, of Silver Spring, MD. John died at age 72 on September 5, 1990, at Holy Cross Hospital after a heart attack.

John O'Breine dedicated his life to the service of the United States. He retired as a FBI special agent after 30 years of service. Following his retirement from the FBI, in 1972, John went on to work as a special assistant to the House Committee on Small Business. He was also a special assistant for the House Public Works Committee.

John was very active in the Washington area community. He was a past chairman of the Washington chapter of the Society of Former Special Agents of the FBI. He was a member of Christ the King Catholic Church in Silver Spring. John was a member of the American Ireland Fund, Knights of Columbus, and a past exalted ruler of the Bethesda Elks.

I had the distinct privilege and honor of working with John on a number of issues. Most recently, Mr. O'Breine, in his position as the distinguished chairman of the American Foundation for Irish Heritage, proved instrumental in generating the support necessary for the passage of House Joint Resolution 482, Irish American Heritage Month. Thanks to John's efforts Irish American Heritage Month passed the House on August 4, 1990.

It gave me great personal satisfaction to have been involved with such an outstanding gentleman, and we will all miss him dearly.

MINORITY ENTERPRISE DEVELOPMENT WEEK

HON. DAN SCHAEFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. SCHAEFER. Mr. Speaker, I rise today to bring to the Nation's attention the 8th annual Minority Enterprise Development Week, taking place September 17–21, 1990.

Minority Enterprise Development Week is celebrated locally and nationally to honor minority entrepreneurs who have succeeded in the business world through hard work and perseverance. MED Week recognizes these businessmen and women to reward their efforts in the past and to inspire others to follow their example in the future.

MED Week encourages these future entrepreneurs by paying special attention to minority youth, the future business people of America. I can think of few other ways to actively interest and encourage our children to become involved in the exciting world of business.

In my home State of Colorado, we are celebrating this week with 5 full days of activities, starting with an opening reception with the Governor and the mayor of Denver on Monday and ending with a gala awards banquet on Friday to honor outstanding minority business people.

Other exciting activities taking place during this week in Colorado are a minority art exhibit, a minority youth business fair, and an environmental procurement opportunities conference.

I forward my best wishes to the volunteers of the Minority Enterprise Development Council and the participants of MED Week for a successful and joyful celebration.

THE UNIVERSAL CHILDHOOD SECURITY ACT OF 1990

HON. TONY P. HALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. HALL of Ohio. Mr. Speaker, today I am introducing the Universal Childhood Security Act of 1990, legislation which will allow the United States to take a leading role in saving the lives of millions of children whose lives are lost every year. Nearly 40,000 children die every day; most die of preventable causes when simple vaccines, vitamins or basic treatment techniques could save them. More than 100 million children lack access to basic primary education. If we are, as President Bush says, on the verge of a new world order, I believe that one of the priorities of that new order must be to end this shameful and unnecessary waste of innocent life.

Mr. Speaker, the World Summit for Children will take place on September 29–30 at the U.N. in New York. More than 75 world leaders, including President Bush, plan to attend. In calling for a Summit for Children, UNICEF said that additional world expenditures of about $2.5 billion annually would save 10 million children's lives per year. I believe that the World Summit offers President Bush and the United States an opportunity to lead the world in saving children's lives, just as we've led the world in opposing Saddam Hussein's brutality in the Persian Gulf. My legislation is designed to provide the toll for that leadership. I would hope President Bush would contact other world leaders, working the phones on behalf of the world's children, as he did for the Iraqi sanctions.

The Universal Childhood Security Act provides for a phased-in increase in funding for child survival activities conducted by the U.S. Agency for International Development. It's my hope that this bill will serve as a model for the delegates to the World Summit for Children. Saving the lives of the world's children isn't just America's responsibility, it's everyone's responsibility. Our lead should be followed by the U.N.'s bilateral donors and development banks. If we are joined in this initiative by the other U.N. donor nations and multilateral organizations such as the World Bank, the Asian, African and Inter-American Development Banks, and the United Nations itself, UNICEF's goal of an additional $2.5 billion could be reached by 1996, and millions of young lives could be saved.

In addition to taking the first step toward meeting the UNICEF goal, this legislation provides for a phased-in increase in funding for basic education programs. In a world where more than 100 million children lack access to primary education, the United States must lead in attempting to avert the threat posed by illiteracy and lack of education in the developing world.

As we focus on the needs of children in the developing world, we must not ignore the needs of our own children. Mr. Speaker, the United States has one of the highest infant mortality rates in the industrialized world. We spend more than $1.5 billion per year caring for low birthweight babies. The WIC Program is our first line of defense against infant mortality and low birthweight, providing nutritious food packages to infants and children, and food and nutrition and health information to low-income pregnant or lactating mothers. The basic WIC food package, costing less than $10 per week could prevent low birthweight hospitalizations which cost about $1,500 per week. The benefits of WIC have been clearly demonstrated in study after study, yet this effective and cost efficient program receives only enough Federal funding to serve half of the eligible population. To rectify this senseless and costly situation, my legislation calls for an annual twenty percent increase in WIC caseload, reaching a level that would allow for full participation by 1995.

Mr. Speaker, for 1992 both of the international initiatives called for by this bill total less than one-half of 1 percent of the total foreign aid budget. The child survival and basic education program increases called for by this legislation need not cause any increase in overall spending. In a new world order, we should be able to reorder our priorities for the benefit of those who most need our help. Our effort to shape a new world order must go beyond a new world security order to embrace a new humanitarian order. It's my hope that President Bush will adopt the principles in this legislation, and carry them with him to the summit, and that, following his leadership, the summit will address the issue of children's suffering in a meaningful and lasting way.

For the benefit of my colleagues, the full text of the legislation follows:

H.R. 5596

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 "Universal Childhood Security Act".

TITLE—FOREIGN ASSISTANCE PROGRAMS

SEC. 101. FINDINGS.

The Congress finds that—

(1) the health, well-being, and normal development of children must be among the highest priorities of the foreign assistance programs of all international donaors, as it must be amoug the highest priorities of developing countries themselves;

(2) children, particularly those from poor families in the poorest countries, continue to suffer from abnormally low growth, poor health, lack of basic educational opportunities, and, too often, early death;

(3) according to UNICEF, In the 37 poorest countries in the world, spending per capita on education has declined by approximately 25 percent in the last decade while

spending per capita on health care declined in more than three quarters of the nations of Latin America and Africa;

(4) of the 14,000,000 children in developing countries who die each year, 10,000,000 could be saved from death by low-cost, easy to administer treatments for such common causes of child death as diarrhea, respiratory infections, measles, and neonatal tetanus;

(5) low-cost, effective child survival activities (such as immunizations; oral rehydration therapy; use of simple antimicrobial medicines; breastfeeding promotion; growth monitoring; child spacing; use of vitamin A, iodine, and other micronutrient interventions; and targeted efforts to reduce malnutrition) are effective and could save the lives of most of the children under 5 who now die;

(6) UNICEF estimates that a program to prevent the great majority of child deaths and child malnutrition over the next decade requires an increase of assistance from all concerned governments and agencies, and of support from developing country governments, of $2,000,000,000 to $3,000,000,000 a year;

(7) the United States Government has led in promoting efforts to improve child survival and development;

(8) in order to end the ongoing tragedy of unnecessary child death, all bilateral and multilateral donors, private agencies, and developing countries must join in an international effort;

(9) the purpose of increased United States Government contributions for child survival and development, including support of basic education activities, is to lead other donor countries, multilateral organizations, and others to adopt commensurate increases in their own child survival and development programs;

(10) without international cooperation from donor countries, multilateral organizations, private and voluntary organizations, and developing country governments, including necessary increases in financial commitments to child survival and development programs, millions of children will continue to die unnecessarily over the next decade;

(11) the World Declaration on Education for All, adopted by consensus at the World Conference on Education for All held in Thailand in March 1990, states that more than 100,000,000 children, including at least 60,000,000 girls, have no access to primary schooling;

(12) at the World Conference on Education for All, the World Bank agreed to double its commitment to education to $1,500,000,000 per year, with most of that amount supporting basic education, and UNICEF agreed to quadruple its support to basic education over the next decade;

(13) the United States is the largest bilateral donor supporting basic education, and therefore is in a leadership role;

(14) it would be desirable for the President to announce a basic education initiative similar to those already agreed to by the World Bank and UNICEF, the leading multilateral organizations;

(15) according to the World Bank's World Development Report 1990, effective and sustainable efforts to achieve rapid and politically sustainable improvements in the quality of life for the poor must include the widespread provision of basic social services, especially primary education and primary health care; and

(16) the World Bank, which provides approximately $24,000,000,000 in assistance each year to developing countries, is the largest provider of such assistance, and therefore possesses a great capacity, through its action and policies, to leverage greater sums from other multilateral organizations and bilarteral donors.

SEC. 102. UNITED STATES FUNDING FOR INTERNATIONAL CHILD SURVIVAL AND DEVELOPMENT ACTIVITIES.

(a) CHILD SURVIVAL ACTIVITIES.—Of the aggregate amounts made available for United States development and economic assistance programs—

(1) not less than $225,000,000 for fiscal year 1991,

(2) not less than $275,000,000 for fiscal year 1992,

(3) not less than $335,000,000 for fiscal year 1993,

(4) not less than $405,000,000 for fiscal year 1994,

(5) not less than $490,000,000 for fiscal year 1995, and

(6) not less than $600,000,000 for fiscal year 1996, shall be available only for child survival activities, including those authorized under section 104(c)(2)(A) of the Foreign Assistance Act of 1961.

(b) BASIC PRIMARY EDUCATION ACTIVITIES.—Of the aggregate amounts made available United States development and economic assistance programs—

(1) not less than $100,000,000 for fiscal year 1991,

(2) not less than $125,000,000 for fiscal year 1992,

(3) not less than $155,000,000 for fiscal year 1993,

(4) not less than $195,000,000 for fiscal year 1994,

(5) not less than $245,000,000 for fiscal year 1995, and

(6) not less than $300,000,000 for fiscal year 1996, shall be available only for programs in support of basic primary education, including teacher training and other necessary activities in support of basic primary education.

SEC. 103. WORLD BANK SUPPORT FOR CHILD SURVIVAL AND DEVELOPMENT.

It is the sense of the Congress that the World Bank—

(1) should give greater programmatic and budgetary priority to child survival and development, including support of basic education activities; and

(2) in particular, should commit itself to devoting 5 percent or more of the amount of the Bank's annual lending programs to primary health and 5 percent to primary education.

SEC. 104. DEFINITIONS.

As used in this title—

(1) the term "United States development and economic assistance programs" means assistance authorized by chapter 1 of part I of the Foreign Assistance Act of 1961 (relating to development assistance), including assistance made available for "SUB-SAHARAN AFRICA, DEVELOPMENT ASSISTANCE" or any subsequent, corresponding appropriations account under part I of that Act, and assistance authorized by chapter 4 of part II of that Act (relating to the economic support fund);

(2) the term "UNICEF" means the United Nations Children's Fund; and

(3) the term "World Bank" means the International Bank for Reconstruction and Development and the International Development Association.

TITLE II—DOMESTIC PROGRAMS

SEC. 201. FINDINGS AND SENSE OF CONGRESS REGARDING AUTHORIZATION OF APPROPRIATIONS FOR WIC PROGRAM.

(a) FINDINGS.—The Congress finds that—

(1) Key health indicators in the United States—the infant mortality rate, the percentage of babies born who are of low birthweight, the accessibility of prenatal care for pregnant women, the proportion of children who are properly immunized, the extent of malnutrition among children, and the percentage of children who have access to basic health care—demonstrate that the health of infants and children in the United States, compared to infants and children in most other developed countries, is not satisfactory;

(2) the child health goals for 1990, established in 1979 by the Surgeon General, have not been met, and, in fact, most recent data demonstrate that the rate of progress in the United States with respect to almost all indicators has declined in the past decade;

(3) the special supplemental food program for women, infants, and children (in this title referred to as the "WIC program"), which provides supplemental food, nutrition education, and referral to health care to low-income pregnant women, new mothers, infants, and young children at nutritional risk, is an effective preventive program which improves the health of America's infants and children;

(4) the WIC program has been shown to reduce the infant mortality rate, the percentage of infants born who are of low birthweight, the incidence of malnutrition, and the number of premature births, and to increase the number of women seeking early prenatal care, the number of infants receiving immunizations, and the likelihood of a child having a regular source of medical care;

(5) the WIC program is cost effective, as demonstrated by—

(A) the National Bureau of Economic Research, which concluded that after prenatal health care, WIC is the most cost-effective way known to reduce infant mortality;

(B) the Harvard School of Public Health, which found that each dollar spent on the prenatal component of the WIC program saved $3 in hospitalization costs associated with infants born who are of low birthweight; and

(C) the Missouri Department of Health, which found that each dollar spent on the prenatal component of the WIC program resulted in a savings of 49 cents in costs incurred by the medicaid program for infants 45 days old or younger;

(6) preventive health services available through WIC are also cost-effective, as demonstrated by—

(A) a 1985 study by the Institute of Medicine, which reported that each dollar spent on prenatal health care for certain high-risk women yielded a savings of $3.38 in the cost of medical care for low-birthweight infants;

(B) a 1984 study by the Children's Defense Fund, which reported that it costs approximately $35 per month to provide an infant with a complete nutritional package, versus a cost of about $1,400 per week to hospitalize an infant for treatment of malnutrition; and

(C) a 1986 report by the Office of Technology Assessment, which estimated that the health care system in the United States could, by strengthening investment in early prenantal care, save between $14,000 and $30,000 per infant annually in terms of hos-

pital expenses incurred by a low-birthweight infant during the first year of life;

(7) the WIC program is targeted toward low-income infants and children, who are twice as likely as higher income children to be born at low birthweight, 2 to 3 times more likely to experience postneonatal mortality, and 3 times more likely to have delayed immunizations;

(8) the WIC program is strongly supported by a wide range of organizations and individuals, such as the Committee on Economic Development, the National Commission to Prevent Infant Mortality, former Presidents Gerald R. Ford and Jimmy Carter, the Council on Competitiveness, and the Child Nutrition Forum;

(9) the Nation's future lies with its infants and children, who are among the Nation's most vulnerable citizens;

(10) the Nation's budget priorities should reflect a strong commitment to the infants and children of the Nation;

(11) the WIC program reaches only about half of the eligible population;

(12) for the benefit of the Nation's children—and thus, the Nation's future—it is necessary to increase participation in the WIC program by 20 percent in each of the next 5 years, in order to reach the goal of full participation, defined as participation by 85 percent of all eligible persons, by the end of the fiscal year 1995; and

(13) according to a September 1990 estimate by the Congressional Budget Office, in order to reach the goal of full participation by the end of the fiscal year 1995, amounts must be appropriated for the WIC program—

(A) for the fiscal year 1991, in an amount that is not less than $285,000,000 above current services;

(B) for the fiscal year 1992, in an amount that is not less than $319,000,000 above current services;

(C) for the fiscal year 1993, in an amount that is not less than $385,000,000 above current services;

(D) for the fiscal year 1994, in an amount that is not less than $400,000,000 above current services; and

(E) for the fiscal year 1995, in an amount that is not less than $446,000,000 above current services.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that the Congress should make a commitment to increasing participation in the WIC program by 20 percent per year in each of the years 1991, 1992, 1993, 1994, and 1995, so that the goal of full participation may be reached by the end of the fiscal year 1995.

SEC. 202. FINDINGS AND SENSE OF CONGRESS REGARDING SUPPORT FOR EARLY CHILDHOOD EDUCATION AND CHILDHOOD DEVELOPMENT THROUGH THE HEAD START PROGRAM.

(a) FINDINGS.—The Congress finds that—

(1) since its inception in 1964, the Head Start Program has established an impressive record in providing preschool-aged children from low-income families with comprehensive services to address educational, social, nutritional, and health needs, such that students who participate in Head Start programs—

(A) are less likely to be enrolled in special or remedial education classes;

(B) are more likely to be enrolled in gifted and talented programs; and

(C) are much less likely to drop out of school, become involved in crime, or receive welfare benefits; and

(2) recognizing that in the fiscal year 1989 the Head Start program served only 20 percent of eligible 3-, 4-, and 5-year-old children, in the 101st Congress legislation (H.R. 4151) was developed and passed by the House of Representatives authorizing expansion of the Head Start Program to enable all eligible 3- and 4-year-old children, and 30 percent of eligible 5-year-old children, to participate in the Head Start Program by the fiscal year 1994, thereby increasing participation rates of 3- and 4-year-old children to—

(A) 35 percent in the fiscal year 1991;

(B) 60 percent in the fiscal year 1992;

(C) 80 percent in the fiscal year 1993; and

(D) 100 percent in the fiscal year 1994.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that the Congress should follow through on its commitment to provide full funding for the Head Start program so that the goal of participation of all eligible 3- and 4-year-old children can be reached by the fiscal year 1994.

HUMAN RESOURCES' EMPLOYEE RECOGNITION BANQUET

HON. ILEANA ROS-LEHTINEN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Ms. ROS-LEHTINEN. Mr. Speaker, the Metropolitan Dade County Department of Human Resources held its eighth annual employee recognition banquet on Saturday, September 8, 1990, at the Hyatt Regency Hotel in Miami, FL.

The department of human resources banquet is designed to honor those employees who have received outstanding work performance evaluation for the 1990 calendar year. In addition, two employees were selected as employees of the year. The selection process was based on criteria such as job-related performance, quantity and quality of work, interpersonal skill, and community service.

These selected employees come from two different categories of public service: Indirect service and direct service. Indirect service is the area that covers management and personal development. Direct service, on the other hand, covers service to the community. Both categories serve over 220,000 residents from an area that extends from the Broward County line to Homestead. These services include childcare centers, support groups for battered and sexually abused women, summer job programs for students, hot meals on wheels for the elderly, emergency assistance for the indigent, two nursing homes for AIDS patients, and an intake detox unit for substance abuse.

The finalists in the indirect services category were: Charlie Joe Hammond, Gregorie Smith, Porfirio Luna, Margaret Emmanuel, Paulina Navado, Maria Rodriquez, Lillie Hollins, Thomas Knowles, and Ellin Keeney. The finalists in the direct services category were: Robert Eberhardt, Betty Clark, Rosa Binbow, Margaret Reed, Shirley Richardson, Dorothy Dally, Margarita Aquilar, Nilda Arboley, Enrestine Styles, and Barry Lundy.

Special recognition should be given to the winners of each category: Ms. Lillie Hollis from direct services, and Mr. Barry Lundy from indirect services. These two individuals are worthy of the highest praise for their tireless efforts to serve the citizens of Dade County, FL, as shown by the their selection as employees of the year for the department of human resources.

TRIBUTE TO RAE PIENCAK

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. LIPINSKI. Mr. Speaker, I rise today to congratulate Rae Piencak, a recent graduate of the National Technical Institute for the Deaf, a college of Rochester Institute of Technology. Rae has just been awarded her bachelor's degree in social work from the world's largest technical college for deaf students.

Graduating from an institute of higher learning is a notable achievement for anyone and is worthy of praise and evident of hard work and dedication. Rae Piencak surpassed even this achievement, for she not only accepted and succeeded at the challenge of academia and college life but also triumphed over the physical challenge of deafness. Even more praiseworthy, the institute which she chose to attend is far from her home in Illinois and one whose campus is primarily designed for hearing students. In other words, Rae Piencak's goals for her college experience included not only attaining scholarship but also acquiring an understanding of the hearing society in which she will live.

It is an honor to recognize and pay tribute to Rae Piencak who personifies the dedication and perseverance every student should have as well as exemplifies the capabilities and contributions of the physically challenged. I feel certain that I speak for the entire House of Representatives in congratulating Rae and wishing her the best.

BALANCING THE BUDGET: THE RIGHT WAY

HON. BYRON L. DORGAN

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. DORGAN of North Dakota. Mr. Speaker, many North Dakotans have been contacting me to express their concerns about the possibility of a fiscal year 1991 sequestration and potential job furloughs. They are properly concerned that deficit reduction has become an excuse to threaten essential jobs and programs and not an exercise to root out evident waste.

I certainly believe that reducing the Federal deficit must be our No. 1 priority. And we must be willing to take the medicine to do that in five doses: First, cutting out waste and unnecessary programs; second, eliminating unneeded weapons systems; third, getting our allies to pay their fair share of the defense burden; fourth, requiring the wealthy to shoulder their fair share of the tax burden, and fifth, stopping the misuse of Social Security trust funds to mask the real deficit.

Unfortunately, the President and Congress are using our Federal workers as pawns in the

budget debate. I deplore that practice. Civil servants carry out the critical services of our Government and deserve support, not manipulation.

The problem is that no real budget solution can be achieved without the active cooperation and leadership of the President. Even with the crisis in the Middle East we can afford to make selective defense cuts and to press harder for equitable burden sharing arrangements with friends and allies. Then we could meet our real defense requirements and still move toward a balanced budget.

Through it all, we need to sustain essential governmental functions in defense, agriculture, education, health, Social Security, and many other areas. So as we strive to reduce the deficit let's not play games with Federal workers.

USM STUDENT ABBY LINDSAY CHARMS CANADIANS WITH PERFORMANCES

HON. GENE TAYLOR

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 12, 1990

Mr. TAYLOR. Mr. Speaker, this summer Abby Lindsay upgraded her acting experience to the international level. Lindsay, a theater student at the University of Southern Mississippi, captured the lead role in Canadian summer theater program at the University of Victoria in British Columbia, Canada. As part of an international exchange program, Lindsay earned the title role in the Phoenix Summer Theater's production of "Peter Pan."

Lindsay was joined in Canada by fellow USM students Daryl Harris and Charles Bosworth. In return, three University of Victoria students spent a summer at USM. Though still in experimental stages, the exchange program has become quite a success. Summer audiences ranging in ages from 1 to 92 came to the theater company's production of Peter Pan.

By earning the title role in "Peter Pan," Lindsay typifies the talent found at the USM's theater department. University of Victoria theater directors and Canadian theater critics alike praised Lindsay's performances saying Lindsay gave the same life to her "Peter Pan" character as Mickey Rooney gave to his whimsical character Puck in the Shakespearean production of "A Midsummer's Night Dream." The production was so popular with audiences that plans have been made to air the play on Canadian television during the Christmas season.

Lindsay's first starring role was as "Laurey" in her senior class production of "Oklahoma." Yet, Sandy Duncan, as Peter Pan, inspired her decision to pursue an acting career. Even as Lindsay flies through the air as Peter Pan she has managed to keep her feet on the ground and her wits about her. As an exchange student, she exemplifies the attributes of a promising student from our country. During one performance, Lindsay carried an American flag as she flew over the Canadian audience. The applause she received sounded for her spectacular performance as well as the continuation of the United States-Canadian exchange program.

I commend Abby Lindsay and our Mississippi students for adjusting well to the styles preferred by the UVic directors. By charming the Canadians with their professionalism and their southern hospitality, Miss Lindsay is well on her way to a promising career in acting and our Mississippi students have ensured the continuation of future exchange programs.

THE OAK RIDGE WFO PROGRAM

HON. MARILYN LLOYD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mrs. LLOYD. Mr. Speaker, the Department of Energy Operations in my district, the Third District of Tennessee, has a very successful program which I would like to share with my colleagues. The program is called Work For Others [WFO] and involves the Department and its contractor, Martin Marietta Energy Systems, Inc., doing work for other Federal agencies. This work is important because it saves the Federal Government millions and millions of dollars every year.

Recently, this program in general, and the Oak Ridge (TN) Operations Office in particular, have come under extreme criticism and scrutiny. The investigations—internal, external, and congressional—have been intense.

I am pleased to say that the Oak Ridge WFO Program, while being the most scrutinized of all DOE WFP programs, has maintained its integrity and support. Many of the customers of this program repeatedly report that they would be lost without the assistance provided by DOE, Oak Ridge National Laboratory, and Martin Marietta Energy Systems personnel. The two main research areas of this program are Data Systems Research and Development [DSRD] and Hazardous Waste Remedial Action Program [HAZWRAP].

I am providing, for the benefit of my colleagues, a brief report on the WFO Program which I believe explains quite clearly the many advantages of this very important program.

THE DOE WORK FOR OTHERS PROGRAM IS GOOD FOR THE COUNTRY

PRODUCTIVITY AND COMPETITIVENESS: A NATIONAL PROBLEM

The Federal Government faces a monumental challenge, improve productivity and efficiency in competitive markets while reducing the budget deficit. Government operations must achieve significant economies if the challenge is to be met. Federal managers realize this and seek efficiencies through automation and information sharing. More than fifty percent of the Federal budget involves the acquisition, analysis, management, and transmission of information.

Achieving expected efficiences is a historic nemesis for Federal agencies. Most agencies use second generation information technology while the industy is passing the fifth generation. Examples of Federal Government efficiency and productivity problems related to information technology include:

The Federal Government could be costing taxpayers as much as $150 billion by poor management (General Accounting Office (GAO), "Financial Integrity Act: Inadequate Controls Result in Ineffective Federal Programs and Billions in losses"). The Wall Street Journal report on November 30, 1989, that out-dated accounting systems are a particular problem. According to Mr. Charles Bowsher, Comptroller General and head of the GAO, every major Government agency has admitted to having poor accounting and management systems. A particularly ironic twist to this problem is that not only do the antiquated systems themselves waste taxpayers dollars, but individual agencies' attempts to upgrade these systems have resulted in even further wasted effort.

The GAO report cites one Navy program which was originally expected to cost $33 million but was scrapped as being too costly with a final estimated price tag of $479 million. This was after the Navy spent $230 million over nine years trying to develop the softwave via private sector contracting. This is illustrative of the National problem in information systems development.

The IRS abandoned a $1.8 billion expansion project for its Automated Examination System after spending $187 million. The system never worked. As a result, according to the GAO report, the IRS has been unable to effectively identify and collect more than $50 billion in delinquent taxes.

A major reason for problems with information systems modernization efforts is individual Federal Agencies lack the resident capability to analyze information management problems, to develop effective solutions, and to plan for the future. The most significant deficiencies are in procurement practices and personnel.

A major finding of the report of the Defense Science Board Task Force on Military Software (September, 1987):

The most common present method of formulating specifications—issuing a Request for Proposal, accepting bids, and then letting a contract for software delivery—is not in keeping with good, modern practice and accounts for much of the mismatch between user needs and delivered function cost and schedule.

The Task Force members also did "not believe DOD can solve its skilled personnel shortage [relative to systems design and development] and should plan best how to live with it, and how to ameliorate it" (Recommendation No. 34.)

A NATIONAL SOLUTION TO A NATIONAL PROBLEM

The Government must mobilize the best national resources to meet the challenge of increasing efficiency in the face of level or reduced budgets. There exists within the Federal establishment a dedicated, experienced, technically capable workforce with the ability to provide both focus and support, continuity, and management skill on agency problems. This technical capability is concentrated in the Laboratories and applied research programs of the U.S. Department of Energy (DOE).

THE DOE APPROACH TO SHARING NATIONAL RESOURCES—WORK FOR OTHER FEDERAL AGENCIES PROGRAM

DOE and its predecessor agencies have performed work for other Federal agencies since the late 1940s in various Federal Laboratories and research programs. These activities can combine public, private, and academic capabilities to create a synergy in which the whole is greater than the sum of the parts. Nuclear weapons development specifically for the Department of Defense is one of the most familiar areas of interagency support. DOE Laboratories and research programs also support biological and

medical (human genome) research, environmental science (global warming), computing and information technology (information systems), material science (superconductivity) and highly sensitive and classified efforts. These are examples of interagency cooperation and resource sharing under the DOE Work for Other Federal Agencies Program (WFO).

The interagency agreement is the basic vehicle of WFO. It is merely an agreement between a Federal agency and DOE that certain work may be performed at a Federal Laboratory or research facility. Interagency agreements are not contracts. They involve no funds and no firm commitments for effort. When the agency needs support from DOE under the interagency agreement, it is the vehicle for transferring specific funds to support specific tasks.

The legislative basis for WFO is the Economy Act of 1932. This Act permits one Government agency to purchase goods and services from another agency when the best interests of the Government will be served. The Act specifically endorses the concept of using Government personnel and facilities to solve critical Government problems as economically advantageous and strategically necessary to sustain national technological resources.

Interagency agreements can be somewhat broader and more flexible than contracts. They must comply with procurement rules and statutes and may not be used to circumvent the Competiton in Contracting Act. Agencies may require agreements to be endorsed by their legal and procurement functions.

DOE Uses Interagency Agreements:

DOE increases its pool of expertise by developing methodologies for other Federal agencies. The results of the research, development, and demonstration (RD&D) are owned by the Government and can be used or further developed by other agencies.

Other Federal agencies can benefit from DOE knowledge and experience without having to invest their resources in continuous commercial start-up costs.

The concentration of expertise and facilities available to DOE is not readily available in the private sector. Further, the budget implications of replicating these capabilities at individual agencies would be prohibitive.

Research, development, and demonstration work performed by interagency agreements at DOE Laboratories and applied research facilities can involve high risk projects that commercial and academic entities would be hesitant to undertake without significant investment and guarantees from the Government.

DOE Laboratories and research programs, when necessary, focus the efforts of several commercial and/or academic entities on single tasks. The subcontracting and teaming arrangements common in this environment are virtually impractical for agencies using multiple contracts.

Through carefully managed subcontracting to the private sector, small and medium sized companies participate in leading-edge science, which results in technology transfer. Since DOE facilities are only involved in RD&D, once technological solutions are achieved, the private sector continues the work as quickly as possible. This transfer of technology with broad application enhances the competitiveness of U.S. industry.

The Government-to-Government nature of interagency agreements permits an uninhibited and most effective sponsor-client communications flow.

UNIQUE CAPABILITIES OF THE DOE WORK FOR OTHERS PROGRAM

A major focus of the DOE WFO program is advanced information systems RD&D and analysis, which addresses problems directly affecting Government efficiency. Specific aspects include:

Objective and unbiased approaches to government systems problems. DOE has no hardware, software, or system operations and maintenance services to sell. Researchers and specialists apply the best solutions to clients' problems independently and objectively.

Multi-discipline technical capabilities. Computer science, engineering, telecommunications, computer security, artificial intelligence, and physical and social sciences are representative of the areas that can be directed to problem-solving. Multi-discipline project teams and rapid response to clients' needs are common.

The *best national technical resources* to perform any task. DOE applied research facilities procure subcontract support as necessary. This allows program flexibility and focuses the best technical expertise available on national problems. Ninety-seven (97%) percent of the 1985-1989 subcontract technical support to the DOE/Oak Ridge WFO programs was acquired competitively.

Lessons learned. Many individual agencies confront variations of the same technical problem. For example, both the Departments of Defense and State have secure world-wide computer networks. DOE uses the lessons learned in solving one agency's problems to address similar problems for the other agency. This approach is cost effective and efficient. It is particularly applicable to intra-agency problems for which consistency and future interconnectivity are considerations.

Continuity of expertise over time. Researchers gain expertise and experience in technical areas as they move from one project to another. This serves to build the Government's cumulative experience base to solve critical technological problems. It also builds a cadre of professionals with cross-agency experience.

Control of classified and sensitive information. DOE security standards are among the most stringent in the Federal Government. DOE staff and facilities can accept research projects of the highest sensitivity with special security access.

Noncompetition with the private sector. Stringent operating procedures limit the program to work involving RD&D, applied research, and analysis. A DOE research activity can develop a system through prototype demonstration, testing, and transition planning. System implementation, operation, and maintenance is the responsibility of the sponsor agency.

IMPACT OF DOE WFO ON GOVERNMENT INFORMATION SYSTEMS TECHNOLOGY

DOE WFO Program has a distinguished record of success solving key information system problems for other government agencies efficiently and economically. Specific examples include:

Solutions to the problem of inordinately high inventories of excess parts for the U.S. Army. Procedural changes recommended by the DOE team should result in savings to the Army of hundreds of millions of dollars over a 10-year period.

The DOE WFO program support the Department of the Treasury, identifying vulnerabilities in a multi-billion dollar payment system, and evaluating contingency planning and disaster recovery capabilities for Regional Finance Centers' data systems. Data systems researchers also perform security analyses on components of the Department of State Foreign Affairs Information Systems Network (FAIS).

Using DOE's WFO program to develop the U.S. Navy Civilian Personnel Data System (NCPDS) saved the Navy approximately $40 million.

Data systems research personnel applied advanced information technology to reverse engineering resulting in a 50% reduction in the unit costs of certain spare parts. The estimated potential savings cumulative for a number of projects is estimated to be more than $200 million.

The DOE WFO Program is a leading example of successful implementation of recommendations made by the Defense Science Board Task Force on Military Software.

Recommendation #12: "Use evolutionary acquisition, including simulation and prototyping, . . . to reduce risk."

Interagency agreements and the tailoring of subsequent task statements of work accommodate the evolutionary acquisition portion of this recommendation by allowing for integration of software produced for government, industry and academia. The Military Airlift Command's (MAC) Airlift Deployment Analysis System (ADANS) is a prototype system that is already making an impact on easing the MAC's command, control, and scheduling workloads.

Recommendation #23: ". . . Mandate the iterative setting of specifications, the rapid prototyping of specified systems, and incremental development."

Interagency agreements with the US Air Force led to the development of the Air Force Command and Control Systems Modernization Methodology. This software and architectural methodology emphasized requirements definition and was adopted by the Air Force Standard Systems Center. It enabled placement of a successful competitive contract for Air Force Standard Systems modernization.

A requirements-based approach was followed in developing a prototype Wing Command and Control System (WCCS) for United States Air Forces Europe (USAFE). The success of this effort let to competitive implementation of the program throughout the Air Force.

CONCLUSION

The U.S. Department of Energy's Work for Other Federal Agencies program is a superlative vehicle for economically and efficiently focusing the best technical resources available to address agency needs, and by its success, national issues of productivity and competitiveness.

CENTENNIAL OF SQUIRE SANDERS & DEMPSEY

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday September 13, 1990

Ms. OAKAR. Mr. Speaker, I wish to take this occasion to congratulate the international law firm of Squire Sanders & Dempsey of Cleveland, OH on its centennial anniversary. Squire Sanders & Dempsey opened its doors in Cleveland on January 1, 1890 and continues practicing under its original name today. The firm has grown to more than 425 lawyers

in 8 cities in the United States and Europe and very ably serves clients in virtually all parts of the world.

During its illustrious lifetime, Squire Sanders & Dempsey has participated in a rich tableau of world history including the election of Gov. William McKinley to the Presidency of the United States and his reelection in 1900, service as special counsel to the Federal Government in the Teapot Dome scandal during the Harding administration to post-war slum clearance and urban development.

Of particular note is the firm's commitment to community involvement. The lawyers of Squire Sanders & Dempsey believe strongly in community participation whether it is in Cleveland, New York or Brussels, Belgium. All of these communities are richer for this dedication to involvement.

IN HONOR OF PHILIP PERLMUTTER

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. FRANK. Mr. Speaker, on Monday, the current and past leaders of the Jewish Community Relations Council of Greater Boston will gather for an event that will be both sad and cheerful. The event, which I hope to attend if legislative business allows, is a reception in honor of Philip Perlmutter who is retiring as executive director of the Jewish Community Relations Council of Boston after many years of extraordinarily able service.

Obviously this is a sad moment for us because we will lose Phil's service in this important position. But it is a cheering one because it is an occasion in which we will celebrate Phil's work, and the values of decency, scholarship, and community which he has so brilliantly represented.

Phil Perlmutter is, happily for those of us who have had the benefit of his leadership in these past years, an unusual combination of talents. He is a scholar of considerable talent, with a particular interest in relations between and among various communities in our society. He is a forceful and brilliant advocate on behalf of a wide range of causes—antidiscrimination legislation, an American foreign policy which recognizes our strong national interest in firm ties between America and Israel, an educational system which allows everyone in this country to reach his or her fullest potential and other important matters. He also has a capacity for friendship which has meant a great deal to the many of us who have benefitted from it. In my work first in the Massachusetts Legislature and now in the U.S. House of Representatives, he is one of the people on whom I have frequently relied for advice, suggestions, and, when the occasion warranted it, the kind of helpful criticism that is an invaluable gift from a friend.

Phil has earned his right to retirement and none of us begrudge it. But our regret at this changing of the guard is strongly mitigated by knowing that he will continue to be an extraordinary asset. We are all very lucky that Phil was so willing to devote his very considerable talents to work on behalf of others.

THE 300TH ANNIVERSARY OF ST. JOHN'S CHURCH, HOLLYWOOD, MD

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. DYSON. Mr. Speaker, I rise today to pay tribute to the parishoners of St. John's Church, who are celebrating the church's 300th anniversary on September 15, 1990,

Located in Hollywood, MD, St. John's parish was established in 1690 and is among the oldest Catholic parishes in the State of Maryland. St. John's is the largest Catholic parish in St. Mary's County with a congregation of over 800 families. St. John's Church has roots deeply embedded in the historic religious culture of St. Mary's County.

Mr. Speaker, it is with great pride that I salute the history of St. John's Church, and I know that my colleagues join me in congratulating the church's parishioners and its pastor, Father Martin Harris, on this historic occasion.

TRIBUTE TO THE COMMUNITY CHURCH OF DOUGLASTON, 75TH ANNIVERSARY

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. SCHEUER. Mr. Speaker, 75 years ago, 11 men gathered on a Sunday afternoon in April at the home of Charles M. Burtis with the Rev. Ulysses Grant Warren. It was 1915, and they were to make decisions that would change lives and better a community.

A week later 30 members gathered at the Douglas Manor Inn—now the Douglaston Club—to organize. A new church community was born. The infant congregation leased a former plumbing shop on Main Avenue, using only a pot-bellied stove for warmth.

In 1916 a Young People's Society and a Women's Guild were formed. The next year, a constitution, bylaws, and creed were adopted.

In 1918 the church voted to affiliate with the Reformed Church of America. The growing young church made plans for a new building.

Mr. Speaker, the congregation continued to grow by leaps, and plans for a newer, larger building were called for in 1923. Over the years, the membership grew, and the church expanded its size and ministry.

By the 50th anniversary in 1965, various additions and renovations had been made, and the church would soon enter its most vibrant period.

Mr. Speaker, in 1972 Rev. John H. Meyer was installed as pastor, and he has been there for the past 18 years. During this time, the church has become a cornerstone in community involvement, and a number of civil groups use the church buildings and Fellowship hall as a home for their meetings.

The church is the home of the Blanton-Piele Counseling Center, one of the Nation's oldest and most respected church-affiliated therapeutic services. The church is also involved in the arts, and sponsors music and theatre series. Support for culture is an ongoing priority.

The church is a haven for children, offering Sunday school, nursery school, an after-school program, and a young group.

Mr. Speaker, the Community Church of Douglaston has become a landmark in the region for its openness and warmth. Its devotion to the spiritual health of the community, as well as to culture, civil pride, and education has made all our lives better ones for the past 75 years.

KILDEE SALUTES FLINT HISPANIC AWARDS CEREMONY

HON. DALE E. KILDEE

OF MICHICAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. KILDEE. Mr. Speaker, it is with great pride that I rise today to pay tribute to the Hispanic awards ceremony that will be held in Flint, MI, on Sunday, September 16, 1990.

Every year the Hispanic community of Genesee County holds an awards ceremony in conjunction with National Hispanic Heritage Month to recognize outstanding members of the community. This year's awards ceremony, which is sponsored by local community volunteers, business merchants, the Spanish Speaking Information Center and the International Institute, will honor citizens who have contributed selflessly in the areas of service, leadership, education, and labor. With festivities that include the ceremony followed by a dance, the celebration will focus on the myriad accomplishments of the growing Hispanic population whose culture and ideas will be a positive shaping force for our great Nation throughout the next century.

The four awards presented this year will honor those individuals who have made the community a better place to live. The Pedro Mata Leadership Award which recognizes those who identify opportunities, provide encouragement, and support the local community will be given to Larry Cuevas for his outstanding contributions in these areas. The Tano Resendez Award for Service, which acknowledges those who have dedicated personal time and effort to civic and cultural activities, will be presented to Frank Barrera who has worked tirelessly to benefit his community. The Joe Benavides Education Award will be given to Margarita Calvo who has devoted extra effort to support the educational needs of Hispanics. Finally, in addition to these three awards, the United Auto Workers will honor Arturo Reyes who has advocated and promoted the rights of all American workers.

All four recipients, Larry Cuevas, Frank Barrera, Margarita Calvo, and Arturo Reyes, are outstanding role models for all youth of every background and ethnic heritage.

Mr. Speaker, I take great pride in commending the Hispanic Community of Flint for their excellent work in promoting Hispanic culture and ideas and I congratulate them all for their tremendous accomplishments.

ALICE GARRETT RECOGNIZED FOR EXCELLENCE IN TEACHING

HON. DAVID E. PRICE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. PRICE. Mr. Speaker, I rise today to pay tribute to a distinguished educator in my district, Alice Garrett, who was recently recognized for her outstanding contributions to classroom education.

Mrs. Garrett, an American history and African-American studies teacher at Athens Drive High School in Raleigh, NC, was the recipient of the National Council of Negro Women's Southeastern Regional "Excellence in Teaching" award. This award was presented to teachers displaying excellence in their profession and encouraging superior achievement among African American Students. Mrs. Garrett is among the first to receive this award, which was presented as part of the National Black Family Reunion Celebration held here in Washington, DC, last week.

Mrs. Garrett's achievements have had a tremendous impact upon her students and community. In the classroom, she has incorporated an African-American studies program into her American history curriculum. Mrs. Garrett has used this program—entitled "A Great Legacy"—to provide her students greater insight into black culture and its impact upon the development of our Nation.

Mrs. Garrett has also developed and implemented an annual countywide program saluting minority educators in our area. She designed this program to address the growing teacher recruitment and retention problems in North Carolina and has used it to encourage more minority students to enter the field of education.

Mrs. Garrett is truly the kind of educator we need in today's changing society. Her ingenuity and dedication have helped her students to reach new heights culturally and educationally. I congratulate her upon the receipt of this richly deserved honor.

H.R. 5416

HON. ANDREW JACOBS, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. JACOBS. Mr. Speaker, the following is the text of H.R. 5416:

H.R. 5416

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

SECTION 1. NULLIFICATION OF PAY RAISES.

(a) NULLIFICATION OF COMPARABILITY ADJUSTMENTS.—Effective as of the first day of the first applicable pay period beginning on or after the date of the enactment of this Act, and until adjusted by or under law, the rate of pay for each office or position under subparagraphs (A) through (D) of section 225(f) of the Fedreal Salary Act of 1967 (2 U.S.C. 356(A)-(D)) shall be the rate payable for such office or position as of November 1, 1989.

(b) REPEAL OF 25 PERCENT INCREASES.—Section 703 of the Ethics Reform Act of 1989 is repealed.

(c) CLARIFYING PROVISIONS.—Nothing in this section shall have the effect of reducing the pay of any individual whose compensation may not, under section 1 of article III of the Constitution of the United States, be diminished during such individual's continuance in office.

(d) CONFORMING AMENDMENTS.—The last sentence of section 603, and the last sentence of section 804(f), of the Ethics Reform Act of 1989 are repealed.

SEC. 2. CONTINUATION OF CURRENT ADJUSTMENT METHOD.

Section 704 of the Ethics Reform Act of 1989 is repealed.

TRIBUTE TO JAY DAVID WATSON

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. LAGOMARSINO. Mr. Speaker, I rise today to pay tribute to Jay David Watson of Santa Barbara, who recently retired after a long and distinguished career in public service.

Dave is a native of Santa Barbara and a 1931 graduate of Santa Barbara Teachers College. In that year, he joined the Santa Barbara County Auditor's staff as deputy auditor. He worked his way up through the ranks to become the county purchasing agent in 1950, and in 1956, he became the county's first administrative officer, retiring in 1968 after 33 years of service.

Like many of his generation, Dave saw service in World War II, serving 4 years in the Pacific Theater with the U.S. Navy. He retired from the Naval Reserve at age 60 with the rank of commander, having served 43 years.

In 1969, he was appointed president of the board of trustees of the Goleta Cemetery District, a nonpaying position. During 21 years on the board, he has been responsbile for many programs directed at making the district a professional and respected government agency, able to serve the needs of Santa Barbara residents for many years into the future.

Dave is also active in the Presbyterian Church, serving 1 year as administrator. All told, Dave's service to his community totals an astounding 109 years—a remarkable record of public service.

Mr. Speaker, on behalf of the U.S. House of Representatives, I join with Dave Watson's fellow citizens in commending and congratulating him for his services to the Santa Barbara community, and in wishing he and his wife, Marian McCandless, with whom he has just celebrated their 59th wedding anniversary, a happy and rewarding retirement.

THE ENERGY SECURITY CONNECTION: NUCLEAR ENERGY DISPLACEMENT OF FOREIGN OIL

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. DANNEMEYER. Mr. Speaker, with the price of gas going up at the pumps and with the threat of a possible oil supply interruption as a result of the serious situation in the Middle East, it would appear at first blush that not many things have changed since the first energy crisis in the early 1970's.

We still do not have a coherent national energy strategy. We are still overly reliant on imported oil. And we are still highly vulnerable to the oil politics in the Middle East.

In the midst of these hard realities, there is some good news in the energy area—that is the important role that the growth in nuclear energy has played in reducing United States and world dependence on imported oil. A recent analysis by the Science Concept, Inc., commissioned by the U.S. Council on Energy Awareness, sheds new light on nuclear energy's energy security connection and its displacement on foreign oil.

Among the findings of the report are:

Since 1973, nuclear energy has displaced a total of 4.3 billion barrels of oil in the United States;

To date, our investment in nuclear energy has saved the United States $125 billion in foreign oil payments;

Nuclear energy has played a major role in weaning our domestic reliance on oil for electrification. Use of oil for electricity has been reduced to 5.6 percent of total U.S. electrical output, down from doubled-digits in the 1970's; and

The report does note that oil use for electric generation has been increasing since 1988, a trend that should concern all of us.

This report is convincing evidence both for a national energy strategy that promotes an expanded role for our domestic energy resources and for a strong role for nuclear energy in any national energy strategy.

I commend to my colleagues the text of the Science Concept report:

THE ENERGY SECURITY CONNECTION: NUCLEAR ENERGY DISPLACEMENT OF FOREIGN OIL

(By Science Concepts, Inc.)

EXECUTIVE SUMMARY

Principal Conclusions

Nuclear energy has played a major role in reducing U.S. and world dependence on imported oil. Nuclear energy has allowed utilities to shut down or idle oil-burning power plants, and eliminated the need to build new oil-fired plants to meet the growth in electric demand.

In the U.S., this trend is now in jeopardy. Since 1988, oil use for electric generation has been increasing. If all existing oil-fired capacity were put into service to meet rising electric demand, U.S. oil imports would rise by nearly 3 million barrels per day.

For the United States:

Since the 1973 Arab oil embargo nuclear energy has directly eliminated the need to

import a cumulative total of 4.3 billion barrels of oil. Every day, U.S. nuclear plants displace 740,000 barrels of imported oil.

The investment in the nation's 112 licensed nuclear plants has, so far, saved the United States $125 billion in foreign oil payments.

For the world (including the U.S.)

Since 1973, nuclear energy has displaced a total of 15.5 billion barrels of oil, with virtually all of this representing a loss to OPEC.

The world's investment in 428 operating nuclear plants has, so far, eliminated a cumulative total of $420 billion in oil purchases.

Nearly 6 million barrels per day of oil are now displaced by nuclear energy worldwide, equal to one-third of Persian Gulf oil production. This reduction in oil demand is half again as much as the 4-million-barrel-per-day output from the North Sea.

This analysis is based on a detailed retrospective evaluation of all the fuels (coal, oil and natural gas) that would have been used to generate electricity if nuclear energy plants had not been built. The analysis removes nuclear electricity from the electric supply picture, then considers practical and available alternative fuels for electricity generation. The analysis totals the volume of all the fuels that would have been used each year since 1973, in a regional basis for the U.S. and for each nation worldwide.

I. INTRODUCTION

Until recently, lower oil prices and stability in the Middle East eroded public recognition of the hazards of growing reliance on imported oil, and the importance to national security of assured, domestic sources of energy.

With U.S. oil imports rising and reaching 50 percent of demand this year, attention will return, as it has after each oil crisis, to the question: "How can the U.S. reduce its growing reliance on oil imports?"

Because the U.S. is, for geological reasons, a mature, largely exhausted oil province, and because our appetite for oil greatly exceeds domestic oil production, the U.S. has been an importer for nearly 40 years. Thus, any actions that reduce oil use directly reduce oil imports.

There are three ways to reduce oil imports: (1) produce more domestic oil from available but limited resources: (2) improve the efficiency of oil use in situations where oil must be used; and (3) replace oil with other domestic fuels. Clearly, the U.S. needs to pursue all reasonable technologies or activities that can accomplish any of these while meeting basic economic and environmental criteria.

This analysis addresses the role of nuclear energy in replacing oil in electricity generation. In 1989, oil was used to produce only 5.6 percent of total U.S. electrical output. This low national reliance on oil for electricity generation is largely a consequence of the construction of new non-oil-fired power plants. Without nuclear energy plants, oil use for electricity generation in the U.S. would be substantially higher today.

II. SOURCES OF NEW U.S. ELECTRICITY SUPPLY SINCE 1973

From 1973 to 1989, the direct (i.e., non-electric) use of energy declined by 4 percent.[1] During the same period, however, the consumption of electricity increased by 54 percent.[2] The U.S. consumed increasing amounts of electricity and decreasing amounts of oil. (GNP rose 51 percent during the same period.[3])

The growth in electricity demand from 1973 to 1989 required the equivalent output of 175 one-thousand-megawatt generating stations.[4] At the same time, the amount of electricity produced from existing oil-burning stations declined. Replacing the electric supply from this declining oil-fired production required the equivalent of 30 more one-thousand-megawatt generating stations.[5] Altogether, the equivalent of 205 new one-thousand-megawatt generating stations were needed to meet both new demand and to reduce oil use.[6] Between 1973 and 1989, 95 percent of all new electric supply came from coal and nuclear energy (59 percent and 36 percent, respectively).

As U.S. electric demand continues to grow, and with few new nuclear and coal-fired plants being built, utilities will increasingly turn to existing oil-fired generating capacity. The data suggests this is already occurring—oil use for electric generation rose from 546,000 barrels per day in 1987, to 731,000 barrels per day last year.

As the following table shows, some regions of the country remain very dependent on oil for current electricity needs. The table also shows how much of each region's electricity needs would be oil-fired if all the existing oil-fired capability were put into service. This contrast between actual oil use and potential oil use shows that oil-fired units have, literally, been put on the "back burner" because of new non-oil capacity built since 1973. It also illustrates the potential for increased oil use by utilities. If all existing oil capacity were put into service, U.S. oil imports would rise by 3 million barrels per day.

1989 OIL-FIRED GENERATION COMPARED TO OIL-FIRED CAPACITY

Geographic region	NERC region	Actual dependence on oil for electric supply (1989%)	Oil share of total installed generating capacity (%)
East Central	ECAR	0	4
Texas	ERCOT	0.2	13
Mid-Atlantic	MAAC	8	24
Mid-America	MAIN	0.2	12
Mid-Continent	MAPP	0.4	12
Northeast	NPCC	28	46
Southeast	SERC	3	13
Southwest	SPP	0.1	25
Western	WSCC	0.4	24
Total United States	(See map next page) [1]	5.6	19

[1] Map not reproducible in the Record.

III. HOW OIL IS DISPLACED BY NUCLEAR ENERGY

In some simple and isolated cases, the construction of a nucler plant directly and completely displaces only oil. This would have been the case on Long Island, N.Y., with the Shoreham nuclear power plant. Normally, however, the absence of nuclear capacity would have been made up from a mix of fuels. The model on which this analysis is based considers the probable mix of fuels that would have been used year by year—in the U.S., region by region; in the world, country by country.

To avoid biasing the analysis towards oil use, the model treats oil as the fuel of last resort in virtually all cases.[7] To replace the electricity that would be lost without nuclear energy, the analysis assumes that energy sources would be used in the following order of priories to the maximum extent available in each region and year considered: Hydro power, coal-fired units, expanded use of existing coal-fired units, completion of cancelled coal-fired units, gas-fired steam units, expanded use of existing gas-fired units, oil-fired steam units, expanded use of existing oil-fired units, gas-fired turbines, and oil-fired turbines.

This analysis assumes the maximum reasonable utilization of coal capacity before bringing in new oil and gas capacity. The analysis also takes into account the fact that no additional gas could have been used for electrical generation prior to 1983 because the Power Plant and Industrial Fuel Use Act restricted the use of gas in utility boilers. After 1983, a deliverability surplus of natural gas could have contributed to electrical supply. These amounts are allocated to each region where required according to the maximum quantities of natural gas that could have been available in the region.

In addition to direct displacement of oil in electric generation, this anaylsis also includes oil displaced by nuclear electricity in end-use heating applications. Electricity is a competitive fuel for many residential, commercial and industrial heating needs due to the much higher efficiency with which it can be used.[8]

A conservative estimate of the amount of oil displaced by electricity in the marketplace can be derived from considering only space heating applications. About 15 percent of all electricity consumed is used for heating. Thus, in 1989, 15 percent of the nuclear electricity was (on average) used for heating purposes. One-half of this heat would typically be provided by oil if electricity were not available.[9]

IV. U.S. OIL IMPORTS DISPLACED BY NUCLEAR ENERGY

This analysis finds that the nuclear energy's contribution to national security has been substantial. Nuclear energy eliminated the need to import 270 million barrels of oil in 1989, and a cumulative total of 4.3 billion barrels of oil between 1973 and 1989. This contribution will continue to grow over the 30- to 40-year operating life of most nuclear power plants. The analysis also identifies a cumulative displacement of 1 billion tons of coal and 6.5 trillion cubic feet of natural gas since 1973.

The cumulative $140-billion investment in 112 licensed nuclear plants in the United States has already eliminated a cumulative total of more than $125 billion of foreign oil payments (constant 1989 dollars). This benefit will continue to mount since nuclear U.S. plants will operate for years to come and ultimately deliver four times as much energy as they have already supplied. The strategic and economic benefits can be continued even further if nuclear plant operating licenses are renewed.

As the following data and figure illustrate (figure not reproducible in the Record), most of the oil displaced by nucler power is in the three eastern regions of the United States: over 80 percent of the 4.3 billion barrels of oil displaced between 1973 and 1989 is in three regions: NPCC (New York and New England), MAAC (Mid-Atlantic) and SERC (Southeast).

Footnotes at end of article.

AMOUNT OF FUEL DISPLACED BY NUCLEAR ENERGY IN THE GENERATION OF ELECTRICITY

[By NERC region: 1973–89]

NERC region	Coal displaced (million tons)	Gas displaced (billion cubic feet)	Oil displaced (million barrels)
ECAR	132	37	80
ERCOT	2	71	80
MAAC	68	672	817
MAIN	256	160	342
MAPP	106	40	250
NPCC	38	910	1,073
SERC	341	1,126	1,321
SPP	22	1,455	113
WSCC	37	1,985	301
Total United States	1,000	6,450	4,320

V. WORLD PERSPECTIVE: OIL DISPLACED BY NUCLEAR ENERGY

In 1973, over one-fourth of the world's electricity was produced by burning oil. By 1989, however, despite a large increase in electric demand, oil generated less than 10 percent of the world's electricity. Nuclear energy played a major role in this turnaround. In 1989, nuclear energy directly displaced almost 6 million barrels of oil per day, as well as a yearly total of 3.3 trillion cubic feet of gas and 200 million tons of coal. From 1973 through 1989, nuclear energy displaced the burning of a cumulative total of 15.5 billion barrels of oil worldwide and avoided $420 billion in oil purchases, mostly from OPEC.

As the following figure illustrates (illustration not reproducible in the RECORD), the United States was not the only nation to reduce its use of oil for electric generation—even as overall electricity consumption grew. The data below summarize the worldwide displacement of oil by nuclear energy. (For details of the analysis and information on other fuels displaced by nuclear energy, see "The Impact of the World's Electric Generation Sector and Nuclear Power on OPEC Oil Markets," Science Concepts, Inc., July 1989.)

OIL DISPLACED AND OIL PURCHASES AVOIDED BY NUCLEAR ENERGY WORLDWIDE, CUMULATIVE 1973–89

	Oil displaced (billion barrels)	Oil purchases avoided (billion 1989 dollars)
North America	4.8	139
Western Europe	6.4	195
U.S.S.R.	1.3	45
Rest of the World	3.0	43
World	15.5	420

REFERENCES AND NOTES

[1] DOE/EIA. *Monthly Energy Review*, April 1990.

[2] Based on utility sales.

[3] DOE/EIA. *Monthly Energy Review*, April 1990: $2.74 Trillion ($1982) in 1973, increased to $4.1 trillion ($1982) in 1989.

[4] Calculation based on a difference between 1973 and 1989 electricity generation of 920 billion kwh; an average capacity factor of 60%; 5.26 billion kwhr/1000 MW.

[5] *Monthly Energy Review*, April 1990: A drop of 156 billion kwh in oil generation between 1973 and 1989.

[6] *1988 Capacity and Generation of Non-Utility Sources of Energy*, Edison Electric Institute, April 1990; Non-utility alternative sources include: biomass (primarily wood), waste, solar, and geothermal. Note that all these sources provide 27% of total non-utility generation. Total non-utility generation is 3% of total utility supply. This need for additional electricity supply could, in theory, have been met by means as varied as conventional fossil fuel capacity, wood burning, wind mills, additional hydropower, geothermal power and even solar power. The use of smaller, alternative power sources has expanded rapidly over the past decade making significant regional contributions. But even though alternative energy generation has increased dramatically, it still accounts for less than 2 percent of all electrical energy produced. Between 1973 and 1989, coal and nuclear energy provided 95%—59 percent and 36 percent respectively—of all new electrical supply. Coal and nuclear power have been the primary sources of all new electricity since 1973.

[7] Some oil-fired steam units are utilized in baseload operation before coal-fired units in the Southwest, Northeast and West.

[8] See, for example, the following Research Briefs from the Institute for Energy Analysis: *The Role of Electricity in Home Heating*, C.C. Burwell, D.L. Phung, February 1986; *The Role of Electricity in Glass Making*, C.C. Burwell, December 1985; *The Role of Electricity in American Industry: Update*, C.C. Burwell, June 1985; *Electricity and the Pulp and Paper Industry*, C.C. Burwell, May 1985; *Electric Steelmaking: Recent Trends and Future Constraints*, C.C. Burwell, May 1984.

[9] Calculation based on (529 million nuclear kwh) X (the fraction of electricity used for heat, 0.15) X (the proportion of electric heat displacing oil, 50%) X (the number of BTUs in a kwhr, 3412) X (the typical difference between the heating efficiency of electricity and burning oil, 3) divided by (the number of BTUs in a barrel of oil, 5.8 million).

KILDEE PRAISES FLINT HISPANIC COMMUNITY

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. KILDEE. Mr. Speaker, as a fitting tribute to Hispanic Heritage Month, I rise today to recognize the outstanding contributions of the Hispanic community in the city of Flint.

Continuing a rich tradition of civic participation, the Hispanic community of Flint continues to make tremendous contributions to the development of our city. Hispanic professionals have become important role models for our youth and have greatly added to the quality of life in Flint. With the diversity and wealth of their cultural heritage, the Hispanic community has woven a full and beautiful pattern into the fabric of every corner of my district.

The Hispanic community has enriched not only my district, but also the Nation as a whole. With important roles in government, the arts, education, labor, business, science, and every niche of society, the ever-growing presence of the Hispanic community is a vibrant force in America that is helping to shape the future of our great Nation.

It is truly an honor to recognize the Hispanic community and their outstanding efforts to promote cultural diversity and understanding. You are to be commended for your tremendous accomplishments.

A CONGRESSIONAL SALUTE TO CRAIG R. NEALIS

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. ANDERSON. Mr. Speaker, I rise today to pay tribute to an outstanding public servant and leader in Bellflower, CA. On Friday, September 14, 1990, former Bellflower deputy city administrator Craig R. Nealis will be honored for his 6 years of service to the community. This occassion gives me the opportunity to express my deep appreciation for his many years of service to Bellflower, and the rest of the South Bay area.

In 1984, Craig first began his employment with the city of Bellflower as an administrative assistant. During his 2-year tenure in this position, he displayed his ability to accomplish challenging tasks with great efficiency. In March of 1986, he was promoted to assistant to the city administrator, and later in 1988, he was promoted to the position of deputy city administrator. His role in this position has been unsurpassed. Craig has been extremely beneficial in negotiating and administering city contract services, refuse collection, and public transportation. The numerous government and corporate entities that have had the pleasure of working with Craig, can attest to his outstanding ability and competence. It is his good-natured attitude and proficiency that Bellflower will have a difficult time replacing.

As is so often the case with qualified and competent employees, Craig's services are in great demand. He will leave the city of Bellflower to accept the position of city manager for the city of Rolling Hills. I am confident that Rolling Hills will find in Craig Nealis the same commitment to goal accomplishment and public service that he displayed in Bellflower.

On this special and most deserving occasion, my wife Lee, joins me in extending our heartfelt thanks and congratulations. We wish Craig, his wife Alice, and their new son Brian, all the best in the years to come.

WHY AREN'T WE USING THE IRAQI CRISIS TO SPEED THE DEMILITARIZATION OF EUROPE

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. STARK. Mr. Speaker, the peace dividend from the end of the cold war is oozing away into the sands of Saudi Arabia.

Why didn't we use this crisis to move troops and whole divisions of prepositioned tanks from Europe to Saudi Arabia?

We could have used the crisis to work with the Soviets for a speedup in the withdrawal of weapons from NATO and the former Warsaw Pact countries.

Instead of shipping tanks from all points of the United States, we could have used the tanks in reserve in Europe along with some of the 7th Army's two tank divisions and two mechanized infantry divisions.

I have a feeling we have been flimflammed by the Pentagon. They now have a new reason for spending more money in a new theater without diminishing spending in the European theater.

The Pentagon is having its C-rations and eating it too.

Meanwhile, on the homefront budget war, the administration has proposed budget cuts that would destroy the Medicare program.

ALICE GARRETT RECOGNIZED FOR EXCELLENCE IN TEACHING

HON. DAVID E. PRICE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. PRICE. Mr. Speaker, I rise today to pay tribute to a distingushed educator in my district, Alice Garrett, who was recently recognized for her outstanding contributions to classroom education.

Mrs. Garrett, an American history and African-American studies teacher at Athens Drive High School in Raleigh, NC, was the recipient of the National Council of Negro Women's Southeastern Regional "Excellence in Teaching Award." This award was presented to teachers displaying excellence in their profession and encouraging superior achievement among African-American students. Mrs. Garrett is among the first to receive this award, which was presented as part of the national black family reunion celebration held here in Washington, DC, last week.

Mrs. Garrett's achievements have had a tremendous impact upon her students and community. In the classroom, she has incorporated an African-American studies program into her American history curriculum. Mrs. Garrett has used this program—entitled "A Great Legacy"—to provide her students greater insight into black culture and its impact upon the development of our Nation.

Mrs. Garrett has also developed and implemented an annual countywide program saluting minority educators in our area. She designed this program to address the growing teacher recruitment and retention problems in North Carolina and has used it to encourage more minority students to enter the field of education.

Mrs. Garrett is truly the kind of educator we need in today's changing society. Her ingenuity and dedication have helped her students to reach new heights culturally and educationally. I congratulate her upon the receipt of this richly deserved honor.

IN SEARCH OF THE SILENT MINORITY

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. CLAY. Mr. Speaker, many times our efforts to overcome racism and discrimination are hindered by blindness and denial. The things we have achieved are overshadowing the things we have yet to achieve in this great struggle. Although we have made progress, we still have a long ways to go before we will be able to sit down together at the table of brotherhood and every man will be judged by the content of his character and not by his race, color, religion, or creed.

I submit the following article for the study and review of my colleagues and any one who is questioning the reality of racism:

[From the St. Louis American, Aug. 23-29, 1990]

IN SEARCH OF THE SILENT MINORITY—WHY ST. LOUIS HAS SO MUCH TROUBLE WITH VIRVUS JONES

(By Ray Hartmann)

I have this theory about how white people in St. Louis view blacks. It's not a very popular one.

White people here like their blacks quiet.

The unwritten expectation is that blacks should accept as "progress" the various gains that were achieved during the civil rights movement of the '60s. Most everyone agrees that equality is good and that discrimination is bad, that people shouldn't be judged by their color and that no one should tolerate overt, violent acts of racial intimidation or oppression.

Thus we "come together," white and black as one, all misty-eyed, in our condemnation of cross burnings and other hate crimes. We sit together on task forces, blue-ribbon committees, compendiums, coalitions and special meetings in general, to pledge our commitment to racial justice and harmony. C'mon people now, smile on your brother. We can change the world.

One thing doesn't change, though. We, the white people, however goodhearted, prefer our black friends to be quiet.

You see, when black people are quiet, tiresome racial issues don't get raised. We don't have to read or hear, ad nauseam, about allegedly racist remarks and allegedly racist hiring practices and allegedly racist this and allegedly racist that.

White people in St. Louis tire quickly of these stories. Most of them want, in their heart of hearts, not to be racist. They want to like black people, or at least get along with them without incident, but it makes them crazy to be expected to tolerate racial quotas, busing or acts of "reverse discrimination."

I hear it all the time. Life has become intolerably unfair to white people, they say. You have to walk on eggshells all the time, giving special treatment to blacks being very, very, very, careful what you say about them and how you hire them and how you fire them.

The pendulum has gone too far, these white people say. What they don't say but might as well say—is this: "please be quiet, black people. Thank you."

The last thing St. Louis needs is for black people to be quiet. No, make that the next-to-last thing. The last thing St. Louis needs is for whites or blacks to pretend that history never took place and that somehow we can wave a magic wand and make things equal, starting now. This simply can't be done.

Right here and now, in 1990, the deck remains outrageously stacked against black people. A typical black child born in St. Louis today is born into a statistically provable disadvantage relative to his or her counterpart in any area you can name: income, housing quality, transportation, educational opportunity, job opportunity, etc.

Our society may be inching toward bridging the miles of inequality that separates the races, but there is simply no denying that in the race between races, we are employing two very distinct starting lines.

If we really believe in equality between races, the only explanation for the continuing disparities between whites and blacks is that the white majority continues to oppress blacks (and other non-white minorities) in the course of business as usual.

Whites in St. Louis dominate all levels of government, all major corporations, all major civic organizations and virtually any institution of any kind that has a true power to change or influence the status quo for the white majority. And it all happens with a velvet glove, without a single mention of "the white majority."

Only shock treatment can change this. Only such dreaded medicines as affirmative action—the act of actively rectifying past injustices—can begin to help this community, or any, other approach truly equal opportunity.

And those things can happen only if blacks have the inclination to be something other than quiet.

To me, the quintessential example of this is one Virvus Jones, the city comptroller whose reputation grows ever more villainous each day as The Black Guy Who Won't Be Quiet. Now that's not what white people call Jones, mind you. They call him a loudmouth and a trouble maker and (by false insinuations) a corrupt politician:

With tenacity never before seen in the coverage of local politics, the white media (never referred to as "the white news media") pound away at Jones, trying to make a meal out of every morsel that Mayor Vince Schoemehl's heavily populated public-relations team feeds them. If Jones buys a car under the statutory provision tht his job comes with a car, it's news. The other politicians' cars are never news. If the police and Jones negotiate a deal, it's "Jones' deal" and it's big news. Other deals, the ones cut every day by other politicians, don't even get mentioned.

Jones simply won't be quiet, and worse yet—in the view of the white majority—he actually has, as comptroller, a piece of the action. The white media—even those that have always extolled civil rights causes—simply are beside themselves over Jones' newfound ability to be an "obstructionist."

An obstructionist to what? To another Gateway Mall? To another Admiral? To another Arena real estate deal? to another Miss Universe pageant?

As comptroller, Jones has had the power to stand up to Schoemehl and others in the white majority (never referred to as "the white majority") on a wide range of issues, from cutting minorities a real piece of the stadium-construction pie, to fighting shameful handouts to the city's elite for the VP Fair to calling the major's bluff about City Hall layoffs, to giving the North Side a fair shake in receiving city services.

This power, incidentally, isn't Jones' creation. By definition of the City Charter, St. Louis has always had what is termed a weak-mayor form of government. That is, the mayor, comptroller and aldermanic president vote as a tripartite body (known as the Board of Estimate and Apportionment) on matters that in other cities would be sole province of a mayor.

Guess what form of government certain white people (including some at the city's liberal daily newspaper) would like to change?

Is it because Virvus Jones is a lousy comptroller?

No. He's just not a quiet one.

H.R. 5267, CABLE TELEVISION LEGISLATION

HON. OLYMPIA J. SNOWE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Ms. SNOWE. Mr. Speaker, I was very pleased that the House adopted H.R. 5267, the Cable Television Consumer Protection and Competition Act. The Nation needs this well-balanced measure, because it will address a number of problems that have surfaced in the 6 years since the Congress enacted cable TV deregulation legislation in 1984.

Before 1984, cable TV operators generally had to negotiate franchise agreements with local and municipal governments in order to be able to distribute their programming to their subscribers. The 1984 act removed these obstacles with the hope that deregulating the cable TV industry would provide for more widespread coverage at lower prices to American consumers.

Regretfully, experiences have fallen far short of expectations. That's why the 101st Congress needs to enact H.R. 5267 before its final adjournment later this year.

The problems of reduced cable TV service levels coupled with steadily rising prices have taken place against a backdrop of rapid growth for the cable industry. The number of households subscribing to cable television programming has increased from 20 million in 1980 to 53 million in 1988. This means 57.8 percent of all households in America now have cable TV service.

Yet, while the number of people subscribing to cable television has increased dramatically, prices for the industry's services have not declined. In fact, they have increased, and at a breathtakingly quick pace.

For example, although the national inflation rate in 1988 was only 4.4 percent, cable television rates increased 10.6 percent. That represents a price increase of roughly 2½ times the rate of inflation for that year.

More recently, in a 1989 report, the General Accounting Office (GAO) found average cable subscriptions had increased by almost 29 percent since 1987.

And to those who might be wondering why the Congress would consider legislation imposing new regulatory requirements on an industry that was deregulated only 6 years ago, the answer is straightforward: lack of competition.

Some 97 percent of homes have no choice in their cable TV company. Indeed, a total of four cable systems control 43 percent of the national cable TV market. Monopoly cable TV contracts are the rule, not the exception.

For quite some time, I have been getting phone calls and letters from frustrated constituents in Maine who have watched as the level of their cable service was reduced while, at the same, it got more expensive.

And while cable service may be more prevalent in urban areas, due primarily to the fact that wiring cities is cheaper than rural settings, those Maine consumers who can find cable service usually have far fewer channels to select from. Not coincidentally, these same subscribers suffer the brunt of higher prices for fewer services from cable operators.

Consequently, H.R. 5267 was drafted with an eye towards addressing may of these problems. For example, it establishes a basic level of cable TV service that cable operators can offer to subscribers, and provides the Federal Communication Commission [FCC] with the authority to regulate the maximum price that can be charged for these basic services.

Those cable systems that charge unreasonable or abusive rates for their programming services should be forewarned. H.R. 5267 gives the FCC the ability to take action against these operators.

Some cable systems suddenly stopped broadcasting a local public television station's programming. The cable system operator did this despite the fact that a significant number of their viewers enjoyed watching the public television's programs. I know, because many of those same viewers contacted my office expressing opposition to the cable system's decision. Yet, there was little recourse for these subscribers.

To prevent this from happening again in the future, H.R. 5267 requires cable systems to carry, as part of their basic service package, local commercial and public television programming. Under most circumstances, operators must also assign local public and commercial television stations to the same channel locations on cable TV systems that these programs are broadcasted on over-the-air.

For those people who spent thousands of dollars buying home satellite dishes in order to better receive television programming, H.R. 5267 requires cable TV operators to make their broadcasts directly available for private viewing. This will be of particular help to rural States, like Maine, where home satellite dishes can frequently be seen by simply driving through small towns all over the State.

And to help cable TV consumers, H.R. 5267 requires the FCC to establish Federal customer service standards for cable systems. These regulations will encompass cable system office hours, the capacity to field customer service requests and complaints, services installation and disconnection standards, and customer rebates or credits for service outages or interruptions.

For consumers who have watched their service levels suffer while their prices simply increase every year, these provisions will be especially helpful.

The broad, bi-partisan support this modest measure generated is evidenced by the fact that it was also adopted by the House Energy and Commerce Committee in a voice vote. By easily adopting H.R. 5267, Members across the country are reflecting the dissatisfaction of their constituents with current cable conditions.

Nonetheless, Mr. Speaker, its unfortunate that we found it necessary to consider legislation imposing new regulatory requirements on the cable television industry.

With the 1984 act, Congress gave the cable TV industry the regulatory structure the industry said they needed, and that would permit satisfactory and affordable service. Yet, the experiences of recent years simply proves that the cable TV industry abused the freedoms from regulation that it had been granted.

In closing, I commend all of my colleagues in the House who joined with me in supporting this much-needed measure that will bring relief to millions of American consumers who enjoy watching cable TV programming.

MARGE McDONALD: PROFILE OF AN ACTIVIST

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. LEHMAN of Florida. Mr. Speaker, in south Florida we are fortunate to have many committed and dedicated civic leaders. However, even in this talented group, Marge McDonald has always stood out.

Marge and her family have had a special relationship to North Dade, and to North Miami Beach in particular. She is a former city council member and Mayor; her late husband, Bill, preceded her as mayor. Marge is a "people person" and an innovator who constantly looks for ways to get people involved. She is a leader who has never been afraid to stand up for what she believes is right. Marge McDonald is a major reason Robert Sharp Towers, where she is resident manager, is one of south Florida's finest senior citizen housing complexes.

Mr. Speaker, I would like to share with my colleagues a profile of Marge McDonald which appeared in Senor Citizen News, the official newspaper of the National Council of Senior Citizens.

PROFILE OF A SENIOR ACTIVIST: MARGE McDONALD

When you hear a group of Florida senior citizens singing, "Margie, I'm always thinking of you, Margie"—an occurrence that undoubtedly takes place far more often in South Florida than in other parts of the country—you can be sure that Marge McDonald is on the scene. To call long-time NCSC member Marge McDonald a "Senior Activist" is kind of an understatement—like calling Nolan Ryan a baseball player, or Joe Montana a football player.

Marge McDonald is the resident manager of the Robert Sharp Towers, a showcase senior citizen housing complex operated by the NCSC Housing Management Corporation. The high-rise apartment complex, complete with spacious swimming pool, has become a showplace in North Miami Beach. And its manager has become kind of a "Mrs. Senior Citizen" for the northern part of Dade County.

When the housing project was first proposed in the 70s, there was a lot of neighborhood opposition. Many residents feared that a high-rise building for senior citizens would "ruin the neighborhood and bring down property values." Marge was then on the North Miami Beach City Council, and she led the way in making the case that the Towers would enhance the neighborhood, not deterioriate it. Her arguments prevailed and Sharp Towers was opened for occupancy in 1979.

Not long after that, violent Hurricane David hit South Florida. Due to the planning and leadership of Marge McDonald, not only did the occupants of the Towers ride out the hurricane safe and sound, but Sharp Towers provided a haven from the

winds for some of the people who had been against the project. By now, the buildings have become a proud landmark of North Miami Beach.

Marge McDonald's activism is two-pronged: (1) as a major political figure in her community; and (2) as an innovative motivator of senior citizens.

In her political life, she has been a key supporter of the late Claude Pepper and an organizer of senior voters, and she has been Mayor of North Miami Beach, as well as a member of its City Council.

As manager of Sharp Towers, she saw to it that its residents and the staff became a family. They wrote and produced plays. They organized a chorus that sang to many groups outside the Towers. They held bake sales and other events to raise funds for their swimming pool, one of the first to be constructed by residents of Section 202 housing. There were classes and crafts and hobby projects. That was just the beginning.

The staff and the residents arranged to have a dining room where residents could enjoy wholesome meals cheaper than they could cook for themselves. They could invite guests and avoid the loneliness that afflicts so many of the elderly. Observers who admire the community life at Sharp Towers say it didn't just happen: it came about because of the energy and organizing talents of Marge McDonald.

Marge McDonald is more inclined to talk about what she is going to do in the battle for national health care than to recall her life history, but, with a little patience, an interviewer can find out that she was raised in Springfield, Massachusetts, and attended Westfield Teacher's College. She married William McDonald in 1933. They had two children. He worked at Westinghouse, and when he retired in 1955, they came to Florida.

By 1962, Bill McDonald had been elected Mayor of North Miami Beach. After his term expired in 1969, they spent some time traveling and enjoying a relaxed retirement but, by 1969, the political bug had struck Marge and she ran for the City Council. She won, and a few years later she was elected Mayor. She left the post in 1987. She has managed Sharp Towers since its opening in 1979.

A widow for 12 years, she has a daughter who is an educator and a son who is an engineer. A granddaughter has just acquired her M.D. and is interning in Michigan. Grandma McDonald hasn't slowed down yet, and a lot of senior citizens in Dade County still find cause to sing, "* * * I'm always thinking of you, Margie."

PRO-LIFE CANDIDATES DO WELL IN PRIMARIES

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. SMITH of New Jersey. Mr. Speaker, earlier today I addressed our colleagues to discuss the results of this past Tuesday's primary elections. I believe that the following summary, prepared by the National Right to Life Committee, provides some very interesting information and am, therefore, inserting it for our colleagues' perusal.

PRO-LIFE CANDIDATES FARE WELL IN MINNESOTA, WISCONSIN, NEW HAMPSHIRE

Pro-life candidates did extremely well in the Minnesota, Wisconsin and New Hampshire primaries Tuesday, and had a mixed day in the Maryland primaries.

"Tuesday was a great day for unborn babies in Minnesota, New Hampshire and Wisconsin," said Darla St. Martin, associate executive director of the National Right to Life Committee. "Pro-life candidates won solidly in important races.

The surprise win in Minnesota is Jon Grunseth's victory over abortion advocate Arne Carlson, who had been polling more than 10 percentage points over Mr. Grunseth before volunteer pro-life efforts began a week ago. Mr. Grunseth received 50 percent of the vote to Carlson's 32 percent.

The Associated Press quotes Mr. Carlson, the pro-abortion loser, saying after his defeat: "The abortion issue played awfully big—much bigger than anyone expected."

Pro-life sentiment also prevailed in the Democratic primary. Incumbent pro-life Governor Rudy Perpich also fought off a challenge by a pro-abortion candidate—Mike Hatch.

Mr. Hatch ran full-page ads in Monday's St. Paul Pioneer Press and Minnesota Star-Tribune encouraging voters to vote for him "For a pro-choice Governor," but he only received 42 percent; Perpich received 56 percent.

Other Minnesota races in which the abortion issue played a key role:

In another surprise victory, 20-year veteran pro-abortion state Representative Mel Frederick was defeated by pro-lifer Dick Day.

Pro-abortion incumbent state Representative Nancy Bratass was nearly upset by pro-life challenger Patrick Codagelli in the 33rd District Republican primary. Ms. Bratass, who won by less than 200 votes, has been a leader of the pro-abortion forces in the Minnesota legislature.

Pro-life state Senator Gene Waldorf won his democratic primary over Tom Montgomery, who focused his campaign on abortion. Senator Waldorf received 64 percent of the vote to Mr. Montgomery's 36 percent.

State Senator Don Frank fought off a challenge by pro-abortion candidate Don Betzold in the 51st District.

In New Hamsphire, pro-life candidates also fared well. The highlights:

Pro-lifer Bob Smith soundly defeated NARAL-endorsed pro-abortion candidate Tom Christo to win the Republican nomination for U.S. Senate. Mr. Christo received 34 percent of the vote to Mr. Smith's 64 percent.

With 58 percent of the vote, pro-life U.S. Senator Gordon Humphrey defeated pro-abortion candidate Jack Sherburne for the Republican primary for a state Senate seat.

In a stunning defeat for pro-abortion forces, Republican state party chairman and pro-abortion state Senator Rhonda Charbonneau was defeated in her bid for a fourth term by pro-lifer Thomas Colantuono.

John King defeated Leona Dykstra to win the District 18 Republican nomination.

In Wisconsin, pro-life candidates did extremely well in primaries. The highlights:

Pro-life challenger Leon Vanevenhoven unseated pro-abortion incumbent Gary Schmidt in the 5th Assembly District Republican primary by a stunning 58-42 percent.

Pro-life leader and incumbent state Represenative Wayne Wood defeated NRAL-backed challenger Lew Mittness; abortion was seen as a key issue. Wood received 60 percent of the vote in the Democratic 44th Assembly District primary.

In open seats, Wisconsin Right to Life PAC-endorsed candidates defeated strong pro-abortionists in all but one race. The pro-life winners:

Pro-lifer Stephen Freese won nomination in the 51st Assembly District (A.D.) Republican primary.

Pro-lifer Eugene Hahn won the 80th A.D. Republican primary.

Pro-lifer Catherine Onsager won the 94th A.D. primary race.

Pro-lifer Stephen Nass won the 38th A.D. Republican nomination.

Pro-lifer Roger Breske won the 12th Senate District Democratic nomination.

The one pro-life defeat was Virginia Marschman, who lost an open seat bid against pro-abortion candidate Daniel Varkas, in the 31st A.D. race.

In Maryland, the results were mixed. Pro-life Congressman Roy Dyson won his democratic primary over pro-abortion candidate Barbara Kreamer by a 54-32 percent margin in the First District. The national NARAL group endorsed Ms. Kreamer in a national press conference on September 6, calling her "a solid supporter of . . . abortion."

In another pro-life win, pro-life Congressman Beverly Byron won the Democratic nomination in the 6th Congressional District over pro-abortion challenger Anthony Puca, who had made abortion a key issue and who was endorsed by NOW and NARAL.

Three pro-life state senators were defeated by pro-abortion challengers: Margaret Schweinhaut, Frank Shore and Frank Kelly. However, another who faced a stiff challenge, pro-life Democrat Leo Green, fought off pro-abortion candidate Terezie Bohrer in District 23.

Reporters note: Following is a a sampling of quotes from regional newspapers showing both the importance of the abortion issue in these races as well as the strength of pro-life voters.

QUOTES FROM REGIONAL NEWSPAPERS ON PRO-LIFE WINS IN MN, WI, NH, MD

Minnesota

If Perpich and Grunseth hold on to win, it will mark a major victory for abortion foes and an equally significant setback for abortion rights advocates. Page 1 (St. Paul) Pioneer Press, Sept. 12 AM edition (by Bill Salisbury, Pioneer Press staff writer).

Abortion foes may have swung key races. Headline, page 15A, (Minneapolis) Star-Tribune, Sept. 12.

This was supposed to be an election when abortion rights advocates proved that they had undergone a political reawakening, but it was the abortion opponents who demonstrated a newfound zeal Tuesday in supporting candidates who share their views. Lead graf of same story (by Dennis McGrath, Star-Tribune staff writer).

For example, Sen Nancy Brataas, IR—Rochester, an outspoken abortion rights advocate, squeaked to a 192-vote victory over an abortion opponent. Same story.

And in St. Paul's Senate District 66 DFL contest, where abortion rights activists and those who oppose abortion both targeted the race, Sen. Gene Waldorf, the incumbent who opposes abortion, was leading by about a 2-1 margin.

"The abortion issue played awfully, awfully big—much bigger than anyone expected," said [Arne] Carlson [pro-abortion candidate

defeated by pro-lifer Jon Grunseth]. Associated Press (Minneapolis), Sept. 12 (by Tom Kennedy, AP writer).

New Hampshire

Abortion was a key issue in the Colantuono-Charbonneau contest, as it was in several other state Senate races. Activists on both sides of the issue have targeted the 24-member Senate as the key battleground since the Senate narrowly passed abortion rights legislation. Page 1, (Manchester) Union-Leader, Sept. 12 (by Bill Talbot, staff writer).

In District 18, developer impact fees and abortion were issues voters considered in the Democratic race between state Reps. Leona Dykstra and John A King of Manchester.

King was victorious, with 1,982 votes to Dykstra's 1,636.

King, who opposed impact fees and characterized himself as "pro-life," garnered 55 percent of the vote.

Although personally opposed to abortion, Dykstra viewed it as a "personal, moral issue" in which the government should not intervene. Same story.

Early returns indicated that opponents of abortion rights were better organized. Reporter Adam Peterson, page 41, Boston Globe, Sept. 12 (by Adam Peterson, Globe staff writer).

Wisconsin

Anti-abortionists run strong in races for Assembly seats. Headline, page A5, Milwaukee Sentinel, Sept. 12.

An anti-abortion Republican Tuesday defeated a three-term pro-choice incumbent, Gary J. Schmidt (R-Kaukauna) in an upper Fox River Valley Assembly race as anti-abortion candidates ran strong in primaries. Lead graf of same story (by Neil H. Shively, Milwaukee Sentinel).

Leon J. Vanevenhoven, a Kaukauna real estate operator endorsed by Wisconsin Right to Life Inc., led Schmidt—58 percent to 42 percent—with 93 percent of the vote in. Same story.

Another anti-abortion Republican, Stephen L. Nass of Whitewater, ran up a 2-1 lead over Jacqueline J. Wood of Janesville for the GOP nod in the 38th Assembly District, where Rep. Margaret S. Lewis (R-Jefferson) is retiring. Same story.

Maryland

Kreamer's abortion rights stand has won her backing from the National Abortion Rights Action League and, more recently, EMILY's list, a national fundraising group for female candidates. Because of the abortion issue, the group broke with its policy of not endorsing challengers against Democratic incumbents. Congressional Quarterly Weekly Report, Aug. 25, 1990.

Anthony Puca, who is challenging Rep. Beverly Byron (D-6th), in the Democratic primary, said Thursday the time has come to make abortion rights a campaign issue . . . Mr. Puca has received the endorsement of the political action committee of the National Organization for Women . . . [and] the National Abortion Rights Action League. "Abortion Comes to the Forefront," Frederick (MD) Post, Aug. 17, 1990.

FEDERAL EMPLOYEE FURLOUGHS

HON. WAYNE OWENS

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. OWENS of Utah. Mr. Speaker, I rise today to express my grave concerns about the budget resolution implications and impacts to Federal employees. After all the hearings and reports on the future of the Federal work force as we face significant worker shortages this next decade, I find it absolutely appalling that we are looking at a sequestration threat. This last decade has left the Federal sector in an unacceptable state of demise.

I was looking forward to this next decade where a commitment to excellence, and pride in service was going to be once again rewarded and valued in the Federal sector. I was looking forward to equity in pay and benefits. I was looking forward to attracting the best and the brightest to our technological future through Government research in the post cold war era.

I ask you how are we going to retain any type of quality in the Federal sector when their morale is toyed with every single October? Has the budget process become so burdensome, so complex, so overwhelming that the path of least resistance is to sequester over 3 million personal lives? Must we hold these employees hostage to their emotions each and every autumn?

I urge us all to get down to business. We must bring pride and service back to the Federal sector or we can expect more fiascos like the HUD and the S&L scandals. Federal employees deserve better. Taxpayers deserve better.

When it comes to a budget, I think Nike says it all. Nike is currently running an advertisement that has all of the excuses not to exercise and be active. After every excuse the ad proclaims "Just Do It." The last excuse in the ad is "I'm not strong enough" and it cuts to a wheelchair athlete going up a hill. I believe we in Congress can make up a myriad of excuses in an election year, but listen to the bottom line, "No Excuses—Just Do It."

A TRIBUTE TO THE IMLAY CITY HISPANIC SERVICE CENTER

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. KILDEE. Mr. Speaker, as our Nation celebrates National Hispanic Heritage Month, I am pleased to recognize the day long celebration being held in Imlay City, MI; on Sunday, September 16, 1990.

Local community volunteers, business merchants, and the Hispanic Service Center sponsor the event. Festivities include a parade, entertainment, and a special food fair. The celebration will focus on Hispanic accomplishments and culture. Hispanics now represent a significant percentage of the Nation's total population and the influence of Hispanic culture and ideas will continue to grow through the next century.

In Imlay City, the Hispanic Service Center plays a major role in enhancing the quality of life for Hispanics year round. Examples of the programs provided are immigration assistance, counseling, and outreach through home visits, translations, legal aid assistance, emergency food and shelter. They provide important role models for the community and youth.

I congratulate the Imlay City area for encouraging Hispanic awareness and culture. The Imlay City community recognizes the significant role Hispanics have played in the growth of this Nation. They are to be commended for promoting the diversity of culture that enriches our country.

A GOOD CABLE BILL, A GOOD FIRST START

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. STARK. Mr. Speaker, the House cable bill which passed on Monday was an example of the exemplary legislative abilities of the respective chairman overseeing this important consumer issue, Chairman JOHN DINGELL and Chairman ED MARKEY. They, along with Republican leaders NORM LENT and MATT RINALDO, deserve the lion's credit of establishing a good first step to restoring some sanity into the cable television industry. The measure had overwhelming bipartisan support, and deserves the President's approval, should the Senate pass a bill before the end of session.

I would, however, hope that when the House conferees join with the Senate conferees, they will give serious consideration of incorporating a provision which fosters the development of cable television alternatives like wireless and direct satellite broadcasting—currently included in the Senate cable bill—into the final version to be sent to the President. The Senate's cable bill includes a nondiscriminatory provision with regard to access to cable programming for cable television alternatives like wireless and direct satellite broadcast; the House Energy and Commerce bill, unfortunately, does not have a similar version.

Wireless cable and direct satellite broadcast systems are most impressive cable alternatives, and I am glad that new competition may soon be introduced to the cable industry in the East Bay Northern California area. Only with new, effective competition will cable prices be decided by the free market, rather than the politically-appointed Federal Communications Commission.

Effective competition in the cable industry will occur if and only if cable programming is available and provided at fair and reasonable prices. Since the national cable companies own the distribution rights to most cable programming—CNN, MTV, ESPN, Nickleodean, and so forth—they would be likely to prohibit the programming to wireless or direct satellite broadcast alternatives in order to kill or stall new, effective competition. Without access to fair, reasonably-priced cable programming,

cable alternatives will never progress, and millions of cable consumers will suffer.

I believe promoting effective cable competition can only be achieved at present through appropriate, constructive Federal legislation. Otherwise, new approaches may be necessary to introduce effective competition to the cable industry.

UNITED STATES POLICY IN THE PERSIAN GULF: THE STANCE AGAINST SADDAM HUSSEIN

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. ANDERSON. Mr. Speaker, on August 3, after much storm and bluster, Iraqi President and dictator-for-life, Saddam Hussein, sent his armored legions streaming across the desert sands into tiny, neighboring Kuwait; crushing the small opposition standing in the way of his 1 million man army and more than 5,000 main battle tanks. This invasion has been universally condemned by the world community of nations as a violation of the conventions of international law. The United Nations has unanimously passed several resolutions declaring Mr. Hussein's action unlawful and backed that sanction up by approving an economic embargo, complete with the right to use military force to effect the embargo.

U.S. policy in the Persian Gulf region is twofold. Acting in concert with our allies and other United Nation member States, we seek to prevent further aggression on the part of Iraq and to remove Iraq from Kuwait. Toward those goals, the United States and our allies have stopped all trade with Iraq, frozen both Kuwaiti and Iraqi assets, set up a naval embargo of Iraq, and placed—at the invitation of the Saudis—significantly ground and air forces in Saudi Arabia. There are tens of thousands of U.S. troops in the Saudi desert today, mobilized by a massive airlift—the largest in history—and sealift operation. Joining the U.S. forces are toops and equipment from both Arab and European nations. Sailing just offshore, in the Persian Gulf, the Red Sea, and the Gulf of Oman, is a massive naval armada from several nations, intent on stopping any material aid from getting to Iraq and with the capability of launching crippling offensive strikes.

To support this costly, though eminently necessary, operation, the United States has sought financial assistance from Western European countries, Gulf-region States, as well as Japan and South Korea to offset both the cost of the military operation and the economic impact on poor countries around the world. The wealthy nations of the world have been forthcoming with billions of dollars in promised support. Saddam Hussein is not just an Arab concern, but a problem the whole world must solve. The U.N.-backing, and multilateral support, of this action is illustrative of this fact.

Some have been critical that the military burden has fallen most squarely on U.S. shoulders. That we carry a disproportionate military weight is not the result of America playing global policeman, but a reflection of our role as leader of the free world. Before some criticize our share of the common effort, we must ask ourselves if we would have it otherwise. The limited ability of countries like Germany and Japan to send their Armed Forces to the Persian Gulf is constitutionally imposed, a solution arranged by the United States after World War II. I do not believe we would like to see a resurgence of these countries' ability to extend their military might. Nor would we really want to see the Soviet Union enter into the fray with its tanks. The cold war is not that long past. The United States uniquely retains the capability to stop aggression and protect both our own and our allies' interests around the globe. Instead of being critical of that capability and its ensuing results, we should be appreciative. The United States has been the standard bearer of the free world since we entered World War II. The rest of the world looks to us to play this role. In the years to come, we may come to shift the weight of that responsibility to others, but in this day, the United States remains the only nation truly qualified to lead.

Clearly, this is a difficult and tense situation and one that may take a great deal of time to resolve. War is something that no man can want, yet I firmly support the President's actions in this matter. Naked and barbaric aggression cannot stand unchallenged. Yet, firm resolve does not necessitate war. The active hand of diplomacy still has much room to play. The pressure of the diplomatic embargo will work to this end.

The question then becomes; what do we do now? At this juncture, we have sufficient forces in place to repel any Iraqi aggression yet not the surety of armed might, or even the will, to forcefully remove Iraq from occupied Kuwait. The answer to the above question is that we wait, with patience and resolve, firm in our commitment and policy goals. We must reject the politics of "surrender or slaughter," politics that tell us we must fight now or just give up the task. We must also remember that a diplomatic solution, if structured correctly to meet our demands, is a victory equal to that gained by the force of arms. We have waited in the past, and our patience has been rewarded. I point to 45 years of commitment in Western Europe and 40 years of commitment in the Korean peninsula. The past has proven that peace is won through strength. Economic embargoes take a great deal of time to work. Yet, Iraq has no where else to turn. Should Saddam Hussein resort to the use of force, he will lose. In time, our position will prevail.

What, then, can we learn from this situation? While our action is not principally designed to insure the free flow of oil, it is true that we are very dependent on foreign oil to run our economy, importing 50 percent of our needs from abroad. Saddam Hussein must not be allowed to hold a knife to our economic livelihood. Moreover, this invasion should make us seriously reconsider our dependence on foreign oil and redirect our attention to the use of alternative energy sources. Right now, we simply cannot afford to ignore Hussein. Each military quirk and diplomatic statement rattles Wall Street and sends stocks, the dollar, and gold sliding along the price scales. By setting this country free of foreign energy dependency, which currently is only expected to grow, we solve this problem. We must take a hard look at all alternative energy sources, as well as strict conservation measures, in order to make ourselves energy independent.

Much as we dislike Hussein, we can examine the underpinnings of his power. Saddam Hussein is a strongman in a region and a country frustrated with its impotence. He represents strength and promise for a people infatuated with machismo and nationalism. Hemmed in by borders created by the British, defeated and bombed by Israel, hundreds of thousands of lives wasted in a war with Iran, Iraq is a country trying to assert itself against the limits of imposed borders, the West, the hated Israelis, and its own failure to succeed. Is it no wonder that Saddam Hussein wraps himself in the flag of Arab nationalism? Why should we be amazed by his support from some countries and people in the Arab world? Conversely, we should also not be surprised that Saddam Hussein has a personality cult around himself and employs a ruthlessly efficient security force that tolerates no dissent. The power of Saddam Hussein tells us that we must seek answers to the problems of regionwide peace in the Middle East. The phenomenon of Saddam Hussein tells us we must explore a peace based on mutual understanding, not the weight of military power.

Undoubtedly, this action will also force a reconsideration of the direction and depth of cuts in our defense spending. While we can still reduce the amount of money we spend defending Western Europe, the capabilities and weapon systems that give the United States the ability to defend its vital interests and deter aggression around the world are still critical, even in the post-cold war era. The aggression of Saddam Hussein should give us pause in our efforts to cut our armed services. Though we no longer have to fight the cold war, we may still have to fight smaller, hotter wars. Retaining the necessary military force to do so is critical for the long-term security interests of the United States and the free world.

In conclusion, I would like to reiterate my support for the President's actions. I applaud our fighting soldiers in the region. America stands behind them. I also extend my sympathy for those who have loved ones in the gulf, both in uniform and in the hands of Hussein. Your concern is the concern of the Nation.

THE VETERANS ENTREPRENEURSHIP PROMOTION ACT OF 1990

HON. JOSEPH M. McDADE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. McDADE. Mr. Speaker, today as we witness the dissolution of the vast Soviet empire, today as we in Congress begin the task of reshaping our defenses, today as East-West relations move away from confrontation toward cooperation, today as we see more nations march toward democracy under the banner of newfound freedom, let us not forget for a moment those who have secured peace and our way of life for this and preceding genera-

tions. Isn't it ironic, Mr. Speaker, that when we talk about helping Americans, we seldom consider the Americans who have helped us—the men and women who have sacrificed, suffered, and bled for us. Mr. Speaker, these are the people I am here to help. Today, I am introducing, along with our colleague, Mr. MONTGOMERY, chairman of the Committee on Veterans' Affairs, legislation to help American veterans become more competitive in the world of business.

The United States has benefited immeasurably from the service of the over 27 million veterans who have made great sacrifices in the defense of freedom, the preservation of democracy, and the protection of our free enterprise system. Our country also has been enriched by nearly 3.5 million veteran-owned businesses which are contributing to the vitality and prosperity of the American economy by providing goods and services, revenues, and job opportunities. During this decade and beyond, hundreds of thousands of other veterans are expected to start small businesses. Most of these new business owners will come from among the over 8 million Vietnam-era veterans who are in that age group which generally produces the majority of new business starts. The veteran population is also expected to grow during this period as a result of global developments which will precipitate a reduction in U.S. military personnel around the world. These actions will also necessitate the closing of many domestic and overseas bases and, ultimately, result in the discharge of hundreds of military personnel. It is expected that, as these new veterans make the transition back to civilian life, many will choose the path of entrepreneurship and start small businesses. Despite this progress and a seemingly high number of veteran-owned concerns, research shows that veterans, particularly Vietnam-era veterans, have a low rate of business ownership in comparison to other groups. Ventures owned by veterans tend to be newer, smaller, and less secure financially than non-veteran-owned concerns. Although disabled veterans are nearly twice as likely to be self-employed as veterans who are not disabled, their inability to obtain capital results in low income levels and higher rates of business failure. Thus, it is in the national interest to remove all obstacles to the development and growth of veteran-owned small businesses.

Veterans have and always will merit the appreciation and special consideration of Americans. Our national policies express this. In May 1983, Supreme Court Justice William H. Rehnquist, in a decision reaffirming the special rights of veterans, said this:

> Veterans have been obligated to drop their own affairs and take up the burdens of the nation, subjecting themselves to the mental and physical hazards as well as the economic and family detriments which are peculiar to military service and which do not exist in normal civil life. Our country has a long-standing policy of compensating veterans for their past contributions by providing them with numerous advantages. This policy has always been deemed to be legitimate.

The majority of Federal programs to compensate and assist veterans have been focused primarily in the area of health care, educational benefits, and housing aid. While the Congress has acted to establish programs to assist veterans in many important areas, it has yet to provide them with something even more fundamental—economic opportunity.

Indeed, the role of government is to provide justice, preserve liberty, safeguard individual freedoms, and defend its citizens against tyranny of any kind. Yet, its duties must be viewed in a larger context. For, where possible, it should provide, not guarantee, opportunities to its citizens. Forrest P. Sherman once said this of opportunity: "No man can make his opportunity. He can only make use of such opportunities as occur." The bill I am introducing today provides an opportunity that has eluded veterans until now. Specifically, this legislation would create opportunities for veteran-owned small businesses to become suppliers of needed goods and services to the Federal Government through access to contract award opportunities in the $180 billion Federal market. The purpose of this legislation is to promote and assist the creation, development, and growth of small businesses owned by veterans, including those who are women and minorities.

Mr. Speaker, I have appended to this statement the bill and a section-by-section analysis. However, I believe it important to briefly summarize the main provisions of this legislation for my colleagues. First, it would create the Veterans Business Opportunity and Development Assistance Program, a Government-wide procurement program to assist eligible veteran-owned small businesses to receive Federal Government contracts. The bill would establish an annual Government-wide procurement goal for veteran-owned small businesses of 5 percent of the total dollar value of all prime and subcontract awards. Veterans who have been honorably discharged and who own and control on a daily basis at least 51 percent of a small business that is at least 1 year old would be eligible to participate in the procurement program. The legislation would empower the U.S. Small Business Administration to enter into contracts with other Federal agencies to perform construction work or to furnish articles or services needed by the Government. In the capacity of prime contractor, the SBA would subcontract the work to be performed to a veteran-owned small business eligible to participate in the program. A firm would participate in the program for up to 5 years, spending not more than 3 of these in a developmental stage and not more than 2 in a transitional stage. During each stage, a firm would receive various types of assistance—financial, technical, managerial, and marketing—to help it achieve its business goals and develop competitive skills. A program participant would be required to submit an annual business report detailing his firm's contract performance capabilities. This profile would be distributed to the various purchasing agencies of the Federal Government to assist in identifying contract opportunities for veteran-owned businesses. A veterans business counselor would be assigned to each program participant to aid in meeting business plan targets and goals.

Second, the legislation recognizes that the availability of adequate capital for business startup and expansion remains an obstacle to the development and growth of veteran-owned small businesses. It addresses this problem by establishing within the SBA a guaranteed loan program for these concerns. The SBA would also be directed to study methods to reduce costs incurred by veteran-owned small businesses in applying for and securing loans and report findings and recommendations to the President and the Congress.

Third, veteran-owned small concerns would be eligible to participate in all SBA programs which provide entrepreneurial training, counseling, and management assistance. Funds would be authorized for the SBA to make grants to educational institutions, private businesses, nonprofit organizations, and Federal, State, and local agencies to develop and implement outreach programs for veterans. In addition, an interagency working group would be formed to develop a comprehensive outreach program to assist current military personnel affected by manpower reductions. This program would offer business training and management assistance, employment and relocation counseling, and provide information on veterans benefits and entitlements and the new procurement program.

Fourth, the measure requires the Department of Veterans Affairs and the U.S. Small Business Administration to collect and report information on the number of veteran-owned sole proprietorships, partnerships, and corporations, and those that are first-time recipients of Federal contracts. Improving data collection on veterans will help establish a reliable statistical picture of veteran-owned businesses in America. It will also help policymakers and lawmakers pinpoint special needs of veterans and identify areas where policy changes and program improvements are required.

Fifth, the legislation would create a nine-member National Veterans Business Council made up of high-level Federal officials and private sector representatives appointed by the President. The Council would review the role of Federal, State, and local government in assisting veteran-owned small businesses as well as compile data relating to all veteran-owned businesses. The Council, based upon its review, would develop detailed multiyear plans, with specific goals and timetables, for both public and private sector actions to promote increased business development and ownership by veterans.

I believe our Government has a responsibility to help the veterans of this Nation because of the sacrifices they have made in the service of their country. Acknowledging the Nation's special debt to these individuals, Theodore Roosevelt said in 1903:

> A man who is good enough to shed his blood for the country is good enough to be given a square deal afterwards. More than that no man is entitled to, and less than that no man shall have.

We need to recognize the contributions and remember the sacrifices of our men and women in uniform with more than tributes of gratitude and praise. In doing so, let us show our gratitude by giving them something they have never had before—an economic opportunity. Mr. Speaker, this bill provides that opportunity, the square deal that they deserve. I

strongly urge my colleagues to join me in guaranteeing this opportunity to all veterans by supporting this bill.

SECTION-BY-SECTION SUMMARY OF THE VETERANS ENTREPRENEURSHIP PROMOTION ACT OF 1990

Section 1. Short Title.

This Act may be cited as the "Veterans Entrepreneurship Promotion Act of 1990."

Section 2. Findings and Purposes.

Findings: The Congress finds that the United States has benefited immeasurably from the service of over 27,000,000 veterans who have made great sacrifices in the defense of freedom, the preservation of democracy, and the protection of our free enterprise system. Nearly 3,500,000 veteran-owned businesses contribute to the vitality, strength, and prosperity of the American economy by providing goods and services, revenues, and job opportunities.

During the 1990s, hundreds of thousands of other veterans are expected to start small businesses. Many of these new business owners will come from among the over 8,000,000 Vietnam-era veterans, who are generally in the 35-45 age category, the age group producing the majority of new business starts. Despite this progress, veterans, particularly Vietnam-era veterans, have a low rate of business ownership in comparison to non-veterans. Businesses owned by veterans are newer, smaller, and less secure financially than businesses owned by non-veterans. Although disabled veterans are nearly twice as likely to be self-employed as veterans who are not disabled, their inability to obtain capital results in low income levels and higher rates of business failure.

It is in the national interest to remove all obstacles to the development and growth of businesses owned and controlled by veterans. The elimination of such obstacles would enhance the economic vitality of the Nation and would expand the number of suppliers of goods and services to the federal government.

In all likelihood, global developments during this decade will precipitate a reduction in U.S. military forces and the closing of bases, causing thousands of men and women to join the existing veteran population. It is expected that many of these veterans will pursue the path of entrepreneurship and start small businesses.

Purposes: The purposes of this Act are to foster enhanced entrepreneurship among veterans by providing increased opportunities, to vigorously promote the legitimate interests of business concerns owned and controlled by veterans, and to ensure that those concerns receive a fair share of purchases made by the federal government.

TITLE I—DEFINITIONS

Section 101. Definitions.

The term "small business concern owned and controlled by veterans" is defined as a concern that is at least 51 percent owned by one or more veterans, or in the case of a publicly owned business, at least 51 percent of the stock of which is owned by one or more veterans, and whose management and daily business operations are controlled by such veterans.

The term "veteran" means an individual who received an honorable discharge and was discharged or released (1) for a service-connected disability, (2) from active duty after having served on duty for a period of not less than 2 years, or (3) from active duty for the convenience of the federal government.

TITLE II—PROCUREMENT ASSISTANCE

Section 201. Goal Setting.

The Act requires the President to establish annually a government-wide goal that not less than five percent of the total dollar value of all federal prime and subcontract procurement be awarded to veteran-owned small businesses. The annual government-wide goal for participation by small business concerns is increased from not less than 20 percent to not less than 25 percent. The Act also requires the head of each federal agency, after consultation with the Small Business Administration (SBA), to establish annually a goal for procurement from veteran-owned small businesses and to attempt annually to increase participation by such businesses in each industry category in procurement contracts of the agency. The goals should realistically reflect the potential of veteran-owned businesses to perform federal procurement contracts and subcontracts. [Note: The Small Business Act already requires such government-wide and agency goal-setting procedures for small businesses and for small businesses owned and controlled by socially and economically disadvantaged individuals.]

Section 202. Reporting.

The bill requires the head of each federal agency to submit to the SBA annual reports on the extent of participation in procurement contracts by veteran-owned businesses and to justify failures to meet the goals. The SBA will analyze these submissions and annually prepare a report to the President detailing the extent of participation in federal procurement contracts by veteran-owned businesses. The President will include this information in each annual report to the Congress on the State of Small Business. [Note: The Small Business Act already requires the President's annual report on the State of Small Business to include data on federal procurement contracts performed by small businesses and by small businesses owned and controlled by socially and economically disadvantaged individuals.]

Section 203. Subcontracting.

The Act makes it the policy of the United States that veteran-owned small businesses shall have the maximum practicable opportunity to participate in the performance of contracts and subcontracts let by federal agency and that prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with veteran-owned small businesses. To this end, all contracts let by any federal agency, with certain exceptions, will contain a clause requiring prime contractors to agree to carry out this policy in the awarding of subcontracts, to the fullest extent consistent with the efficient performance of the contract. Any procurement contract that exceeds $500,000 (or $1,000,000 in the case of construction contracts) must contain a subcontracting plan that provides the maximum practicable opportunity for veteran-owned businesses to participate in the performance of the contract. Each subcontracting plan must include percentage goals for the utilization of veteran-owned businesses as subcontractors and a description of the efforts the bidder will take to assure that veteran-owned businesses will have an equitable opportunity to compete for subcontracts. If a successful bidder fails to submit an acceptable subcontracting plan within the time limit prescribed in the agency regulations, the bidder will become ineligible to be awarded the contract. [Note: The Small Business Act already contains the same subcontracting requirements for small businesses and for small disadvantaged businesses.]

Section 204. Outreach.

The legislation requires the Secretary of Veterans Affairs, in consultation with the Assistant Secretary of Labor for Veterans' Employment and Training and the Administrator of the SBA, to undertake efforts each fiscal year aimed at identifying veteran-owned small businesses. The Secretary will advise these businesses that information concerning federal procurement is available from the SBA. It will be the responsibility of the SBA during each fiscal year to obtain information concerning the procurement practices and procedures of federal agencies and to disseminate upon request such information to veteran-owned small businesses.

TITLE III—FINANCING ASSISTANCE

Section 301. Loans to Veterans.

This section of the proposed legislation amends the Small Business Act by adding a new section that authorizes the SBA to enter into agreements with banks or other financial institutions to make loans to small business concerns owned and controlled by veterans—including loans to veterans under the Veterans Business Opportunity and Development Program—with SBA guaranteeing to pay part of any loss sustained by the lender.

To be eligible for program participation, the SBA must determine that the type and amount of assistance requested by the veteran-owned businesses are not otherwise available on reasonable terms from other sources. The SBA must also determine that other general eligibility requirements are satisfied.

The proposed bill increases certain loan amounts and loan-guarantee percentages in connection with SBA guaranteed loans to small businesses to finance export assistance (P.L. 96-481). Specifically, the guarantee may not be less than 95 percent for loans of $155,000 or less. For loans that exceed $155,000 but are less than $714,285, the guarantee may not be less than 80 percent nor more than 90 percent. The guarantee may not be less than 80 percent nor more than 85 percent for loans in excess of $714,285.

No loans are to be made under the 7(a) general business loan program if the total amount outstanding and committed (by participation or otherwise) to the borrower would exceed $750,000. The interest rates charged on these SBA-guaranteed loans must be legal and reasonable.

The Act permits participating lenders to retain one-half of the fee collected on loans to veterans under this section, including loans in excess of $50,000.

Section 302. Regulations on Loans to Veterans.

The legislation requires that within 90 days of the Act's enactment the Administrator of the SBA issue regulations to ensure that loans made under the Veterans Business Opportunity and Development Program are favorable to veterans in terms of maturity and assessing the borrower's collateral. More specifically, the length of the loans are to be the longest feasible commensurate with ability to repay. Subject to certain exceptions, loan maturities may not exceed 12 years.

Section 303. Study of Methods to Reduce Loan Costs Incurred by Veterans.

The Administrator of the SBA will study ways to reduce the costs to veterans of participating in the program, and will within

one year submit to the President and the Congress a report of findings together with legislative and administrative recommendations.

TITLE IV—OTHER ASSISTANCE

Section 401. Entrepreneurial Training, Counseling, and Management Assistance.

The Administrator of the SBA will facilitate access of business concerns owned and controlled by veterans to SBA's business development and assistance programs, including the Small Business Development Center, Small Business Institute, Service Corps of Retired Executives (SCORE), and Active Corps of Executives (ACE).

Section 402. Grants for Outreach Programs for Veterans.

The Act would permit the SBA to make grants to and enter into contracts and cooperative agreements with various governmental and private organizations in order to establish outreach programs for veterans.

Section 403. Outreach Program for Veterans Affected by Reductions in Armed Forces Personnel.

The Act direct the SBA Administrator, the Secretary of Veterans Affairs, and the Assistant Secretary of Labor for Veterans' Employment and Training to establish an interagency working group to develop a comprehensive outreach program to assist new veterans affected by manpower cuts.

TITLE V—INFORMATION COLLECTION

Section 501. Information Collection.

This section of the proposed legislation directs the Assistant Secretary of Labor for Veterans' Employment and Training to annually collect and make available information on firms owned and controlled by veterans. The bill requires the Secretary of Veterans Affairs to collect procurement data from federal agencies on small business owned and controlled by veterans that, beginning with fiscal year 1990, are first-time recipients of contracts.

Section 502. State of Small Business Report.

The Act amends the Small Business and Economic Policy Act of 1980 to require that information on small businesses owned and controlled by veterans—including those owned by disabled veterans—be included in the annual State of Small Business Report.

TITLE VI—VETERANS BUSINESS OPPORTUNITY AND DEVELOPMENT PROGRAM

Section 601. Associate Administrator for Veterans Programs.

The bill creates within the SBA the positions of Associate Administrator for Veterans Programs and Deputy Associate Administrator for Veterans Programs to formulate and execute policies and programs established by this bill, including the Veterans Business Opportunity and Development Program.

Section 602. Establishment of Veterans Business Opportunity and Development Program.

This section of the proposed legislation amends the Small Business Act by adding a new section that establishes within the SBA a government-wide program—the Veterans Business Opportunity and Development Program—to assist certified veteran-owned small businesses to receive federal procurement contracts.

The Act empowers the SBA to enter into contracts with other federal agencies to perform construction work for the Government or to provide articles, equipment, supplies, services or materials. (The bill sets forth procedures by which the SBA can appeal decisions by agency procurement officers not to make available to the program contracts that the SBA certifies itself competent and responsible to perform.) Acting in the capacity of prime contractor, the SBA will subcontract work to be performed to veteran-owned small businesses that have been certified for participation in the Veterans Business Opportunity and Development Program.

Certified firms will be eligible to receive specific contracts if they have been deemed capable of performing the work and if contract awards would not result in costs to the awarding agency that exceed a fair market price. Contracts will be awarded on the basis of competition restricted to certified firms if there is a reasonable expectation that at least two eligible firms will submit offers at a fair market price. The bill specifies procedures for the determination of fair market prices.

To be eligible for program participation, veteran-owned businesses must meet certification requirements contained in regulations to be issued by the SBA. Such regulations will require that firms certify annually that they are owned and controlled by veterans, that firms have been in business for a period of not less than one year before the date of application, and that firms certify that they have not received and will not assert eligibility to receive procurement contracts under the section 8(a) program of the SBA or the section 1207 program of the Department of Defense.

The SBA will issue regulations establishing a limitation on the personal net worth of program participants. Each program participant will annually submit to the SBA a personal financial statement for each owner upon whom eligibility was based. Whenever the SBA finds that owners have withdrawn excessive amounts of funds or other assets from their firms, to the detriment of the business plans of the firms, the SBA can initiate proceedings to terminate the firms from program participation or require the reinvestment of funds or other assets. The computation of personal net worth of owners will exclude the value of investments that veteran owners have in their firms and the equity they have in their primary personal residences.

Program participants must be able, with contract, financial, technical and management support, to perform contracts that they may be awarded. The SBA cannot apply its regulations and procedures in ways that would inhibit the logical business progression of firms into areas of industrial endeavor not included in their business plans but where they have potential for success.

Program participants have the right to a hearing on the record before the SBA can take certain actions such as denial of program admission or termination of program participation. The bill contains guidelines for the conduct of such hearings.

The SBA is required to develop and implement an outreach program to encourage veteran-owned small businesses to apply for program participation.

To the maximum extent practicable, construction subcontracts are to be awarded within the county or state where the work is to be performed.

The Act requires program participants annually to submit capability statements to the SBA. These statements will be used by the SBA to disseminate information about program participants to appropriate federal procurement officers, who will, in turn, notify relevant veterans business counselors of their contracting opportunities over the succeeding 12-month period.

In the case of contracts for services, program firms must expend at least 50 percent of the cost of contract performance incurred for personnel on their own employees. In the case of contracts for supplies, program firms must perform at least 50 percent of the cost of manufacturing the supplies. Exceptions may be granted under certain circumstances. The SBA will establish similar requirements for constructions contracts and contracts for other industry categories not otherwise covered.

Program firms that are primarily engaged in wholesale or retail trade, that are regular dealers of the product to be offered the government, and that agree to supply products domestically produced by small businesses, will not be denied the opportunity to submit bids for procurement contracts solely because they are not the actual manufacturer or processor of the product to be supplied.

The Act prohibits designated SBA employees from engaging in certain activities or transactions with respect to program firms. These prohibitions continue for two years after SBA employment is terminated. Penalties for violations are specified.

SBA employees involved in the program are prohibited from acting on the basis of the political activity or affiliation of any party. Disciplinary actions are spelled out for infractions of this prohibition.

Program participants must report semiannually to their assigned veterans business counselors the names of persons other than employees who have received compensation for assistance in obtaining federal contracts, the amount of compensation received, and a description of the services they provided. Reports that raise suspicions of improper activity will be reported by the Associate Administrator for Veterans Programs to the SBA Inspector General. Failure to submit these reports will be cause for termination from the program.

Contracts awarded to program firms must be performed by the firms that were initially awarded the contracts. This requirement can be waived by the SBA under certain specified circumstances, such as if it is necessary for the owners temporarily to surrender partial control in order to obtain equity financing. Firms performing contracts must notify the SBA immediately upon entering agreements to transfer all or part of ownership interests to other parties.

The Associate Administrator for Veterans Programs will manage the veterans business opportunity and development assistance program. The program will assist certified firms to develop and maintain comprehensive business plans; provide other services such as loan packaging, financial counseling, marketing assistance and management assistance; assist firms to obtain equity and debt financing; regularly monitor firms' compliance with their business plans; analyze and report the causes of success and failure of program firms; and assist firms to obtain surety bonds.

The term of participation in the program is set at five years from date of certification, unless terminated or graduated earlier.

Promptly after certification, program participants will submit business plans for review by their assigned veterans business counselors. The business plans must be approved by the counselors before firms can be awarded contracts. The business plans will analyze firms' prospects for profitable operations during the term of program participation and thereafter, and analyze firms' strengths and weaknesses with particular attention to conditions that might impede

firms from being awarded contracts from non-program sources. The business plans must also contain specific targets, objectives and goals for business development during the next and succeeding years, specific management steps to be taken to assure profitable operations after graduation, and estimates of contract awards from the program and other ources that will be required to meet the targets, objectives and goals of the plan.

Program firms will annually review their business plans with their veterans business counselors and modify their plans as necessary. Modified plans must be approved by the counselors. Firms will annually forecast their needs for contract awards under the program for the next year and the succeeding year to establish their "section 24(a) contract support levels," which will be included in the business plans. These forecasts will include the aggregate dollar value of contract support to be sought under the program, the types of contract opportunities being sought, and any other relevant information requested by the counselors.

Certified firms will be denied all program assistance if they volunatarily elect not to continue participation, if their participation exceeds the prescribed time limits, if they are terminated from the program, or if they are graduated from the program. The Act specifies actions by firms that would provide good cause for termination, and outlines steps that must be taken to terminate firms.

The terms "graduated" or "graduation" mean that firms have successfully completed the program by substantially achieving the targets, objectives and goals contained in their business plans.

The five-year period of program participation is divided into two stages: the developmental stage, which will last no more than three years, and the transitional stage, which will last no more than two years. During the developmental stage, firms will take all reasonable efforts to attain the targets contained in their business plans for the awarding of non-program contracts, referred to in the Act as their "business activity targets."

During the transitional stage, firms will be subject to SBA regulations regarding business activity targets. The Act requires that these regulations establish business activity targets expressed as a percentage of total sales for the award of non-program contracts. Program firms will be required to attain their business activity targets and to certify that they have complied with the regulations regarding business activity targets during the transitional stage of program participation. The regulations will require the SBA periodically to review each firm's performance regarding attainment of business activity targets and will authorize the SBA to take appropriate remedial measures in cases where firms have failed to attain their required business activity targets.

Any veteran who is eligible for program participation can assert eligibility for only one firm. Previous program participants cannot be readmitted to the program. Firms that undergo a transfer of ownership and control to other veterans can remain in the program for the duration of the prescribed period of five years.

A Division of Program Certification and Eligibility will be established within SBA's Office of Veterans Programs and will be responsible for receiving, reviewing and evaluating applications for certification; advising each applicant within 15 days after receipt of an application as to the completeness of the application; making recommendations on applications to the Associate Administrator for Veterans Program; reviewing and evaluating financial statements and other submissions to ascertain continued eligibility of firms to receive subcontracts; making requests for termination or graduation proceedings; deciding protests from firms denied certification; deciding protests regarding whether a firm is owned and controlled by veterans; and implementing policy directives of the Associate Administrator for Veterans Programs.

Applicants cannot be denied admission to the program solely because contract opportunities are unavailable unless the government has never bought and is unlikely to buy the types of products or services offered by the concern, or unless the purchases of such products or services by the federal government will not support all of the program applicants and participants providing the same or similar items or services.

The Director of the Division of Program Certification and Eligibility is required to conduct annual reviews of the firms admitted during the previous year to ascertain the number of entrants, their geographic distribution and industrial classifications. These annual reviews will include estimates of the expected growth of the program during the next fiscal year and the number of additional veterans business counselors required to meet this growth. Based on these reviews, the Associate Administrator will annually issue policy and program directives to solicit applications from underrepresented regions and industry categories, and to allocate program resources to meet program needs. A goal of these annual reviews will be to achieve an equitable geographic distribution of firms and a distribution of concerns across all industry categories, emphasizing areas where federal purchases have been substantial but participation by veteran-owned concerns has been limited.

Subcontracts can be awarded only to small business concerns. If the SBA receives credible information that a program participant is no longer eligible, an eligibility evaluation will be conducted. If the information is found to be true, the SBA will initiate termination proceedings.

The program is divided into two stages: a developmental stage and a transitional stage. The developmental stage is designed to assist firms to access their markets and strengthen their financial and managerial skills. The transitional stage is designed to prepare them for graduation from the program.

Firms in the developmental stage are qualified to receive the following assistance: contract support; financial assistance under the SBA's section 7(a) loan program; and training assistance to help program participants develop principles and strategies to enhance their ability to compete successfully for contracts in the marketplace.

Firms in the transitional stage of program participation are qualified to receive the following assistance: contract support; financial assistance under the SBA's section 7(a) loan program; joint ventures, leader-follow arrangements and teaming agreements between program participants or with outside firms with respect to contracting opportunities for the research, development, full-scale engineering or production of major systems; and transitional management business planning training and technical assistance.

Program firms will spend not more than three years in the developmental stage and not more than two years in the transitional stage.

The SBA will develop and implement a process for the systematic collection of data on the program. The SBA will submit an annual report to the Congress that will include, among other items specified in the legislation, a breakdown of the personal net worth of program participants, a listing by region, race or ethnicity of such participants, the costs and benefits to the economy from the program, an evaluation of firms that have exited the program during the immediately preceding three years, and a description of resources needed to operate the program over the succeeding two years.

The legislation authorizes the SBA to utilize the services and facilities of federal agencies, States and localities without reimbursement, to accept gifts and bequests for the benefit of the program, to accept voluntary services, and to hire experts and consultants in accordance with the requirements of law.

TITLE VII—NATIONAL VETERANS BUSINESS COUNCIL

Section 701. Establishment.

This title creates the National Veterans Business Council.

Section 702. Duties.

The Council will review the role of federal, state and local governments in assisting veteran-owned small businesses. It will also gather and compile data relating to veteran-owned businesses, veteran-owned small businesses, small businesses owned by disabled veterans, and veteran-owned small disadvantaged businesses. In addition, the Council will provide information on other government initiatives relating to veteran-owned businesses, including those relating to Federal procurement.

The Council, based upon its reviews, will recommend to the President and the Congress new private sector initiatives to provide management and technical assistance to veteran-owned small businesses, ways to promote greater access to public and private sector financing and procurement opportunities for such businesses, and detailed multi-year plans, with specific goals and timetables, for both public and private sector actions to promote increased business development and ownership by veterans.

Section 703. Membership.

The Council is composed of nine members, appointed by the President after consultation with the chairman and ranking minority member of each of the Committees on Veterans' Affairs and Small Business of the House of Representatives and the Senate. The Council will have the following ex-officio members: the Administrator of the Small Business Administration, the Secretary of Veterans Affairs, the Secretary of Labor, the Secretary of Commerce, the Secretary of Defense, and the Administrator of the General Services Administration.

Appointments from the private sector will be made from among individuals who are specially qualified by virtue of their education, training and experience, who are recognized authorities in the field of business and small business and who are not officers or employees of the federal government or Congress. At least two members appointed by the President must be veterans and at least two members must be small business owners. Appointees will be selected to achieve a balanced geographical representation and will serve for the life of the Council except for those that become officers or employees of the federal government or of

the Congress. A vacancy on the Council will be filled in the manner in which the original appointment was made.

Members of the Council will serve without pay, except that they will be entitled to reimbursement for travel, subsistence and other necessary expenses incurred in carrying out the functions of the Council.

Two members of the Council will constitute a quorum for the receipt of testimony and other evidence, and a majority of the Council will constitute a quorum for the approval of recommendations or reports submitted to the President and the Congress. The Chairman and Vice Chairman of the Council and their terms of office will be designated by the President. The Council will meet not less than two times a year at the call of the Chairman.

Section 704. Director and Staff.

The Council will have a Director and not more than four additional personnel appointed by the Chairman. The Director and staff of the Council can be appointed outside of the competitive service at rates of pay not to exceed the basic annual rate for GS-18 of the General Schedule. The Council can procure temporary and intermittent services at rates not to exceed the daily equivalent of the maximum annual rate payable for GS-18. The head of any federal department or agency can detail, on a reimbursable basis, personnel to assist the Council upon request of the Chairman.

Section 705. Powers.

The Council can meet, hold hearings, take testimony, receive evidence and consider information such as it considers appropriate. The Council can authorize its employees to act on its behalf. The Council is authorized to obtain information from any federal department or agency, except as otherwise prohibited by law, including technical and advisory assistance from the SBA. The Council can use the U.S. mails in the same ways as other federal departments and agencies. The General Services Administration will provide to the Council, on a reimbursable basis, administrative support services.

Section 706. Annual Report.

The Council will transmit to the President and to each House of Congress an annual report on its activities during the preceding fiscal year, its findings and conclusions, and its recommendations for legislative and administrative actions.

Section 707. Termination.

The Council will terminate not later than three years after its first meeting.

TITLE VIII—AUTHORIZATION OF APPROPRIATIONS

Section 801. Amendment to Small Business Act.

The legislation authorizes $5,000,000 for fiscal years 1991 through 1993 to carry out the Veterans Business Opportunity and Development Program. Of this amount, not more than $4,750,000 will be available for salaries and expenses incurred in the establishment of the Office of Veterans Affairs and its divisions and $250,000 for personnel training and education. For each of fiscal years 1991, 1992 and 1993, $1,000,000 per fiscal year will be available for the SBA to carry out veterans outreach.

Section 802. Intent of Congress.

The legislation makes clear the intent of Congress that appropriations authorized by this Act to carry out various programs and activities within various departments and agencies should not raise from current amounts the aggregate appropriations to such department or agency.

OPPOSITION TO H.R. 4328, THE TEXTILE BILL

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. FRENZEL. Mr. Speaker, printed below is a floor speech I will make during debate on H.R. 4328, the textile bill. It contains many arguments against the bill which I hope my colleagues will review before the bill comes up next week. In addition to the usual reasons to oppose the bill, I strongly believe that if this bill becomes law, we will fail to reach an agreement at the Uruguay Round of trade negotiations. A satisfactory agreement here will help us continue the current trend toward fewer trade barriers abroad. If there is no agreement, we can be sure that the progress that has been made will evaporate and our rapidly-rising U.S. export will suffer the consequences.

The statement follows:

STATEMENT BY MR. FRENZEL ON H.R. 4328

Mr. Speaker, I rise to voice my strong objections to the textile quota bill. This legislation is one of the most damaging pieces of legislation brought before this body in some time. In spite of what you have heard or been told, in many ways its enactment would have more severe ramifications than previous attempts to protect the domestic textile industry. It is not a modest measure and should be rejected.

I believe it is important for my colleagues to understand what we are being asked to support. This bill would be harmful not only to consumers, retail employees, and farmers, but to the nation as a whole. I hope we will have the courage to reject this sector-specific legislation, designed to help one of our most profitable and currently most protected industries.

As my colleagues know, the policy underlying this legislation allegedly is to "relate" growth of textile and apparel imports to growth of the domestic market, as well as to maintain a viable U.S. non-rubber footwear industry. However, these legislative objectives can only be accomplished by—

Raising consumer costs in this decade to over $500 billion or more than some estimates of S&L bailout;

Freezing "non rubber footwear" imports at 1990 levels, despite a significant demand for imports, which mostly do not compete with higher-quality U.S. footwear;

Creating havoc for retailers in importing goods desired by their customers;

Causing widespread job losses in the retailing and importing industries;

Violating our international obligations; inviting retaliation against U.S. exports, principally agricultural exports; and

Eliminating any possibility that we will achieve a satisfactory conclusion to the Uruguay Round of GATT multilateral trade negotiations.

Not bad for one bill. In fact, few we consider are worse.

UNSUPPORTABLE CONGRESSIONAL FINDINGS

Before causing this damage, the Congress is being asked to make certain "findings" to justify this legislation. Let's look at some of these. First, the bill declares that the current level of textile and apparel imports represents over 1.4 million job opportunities lost to United States worker. This finding, however, cannot be credibly made. It is premised on the untenable assumption that with zero imports, the domestic industry could satisfy all consumer demand, the domestic industry could find the people to fill these jobs, price levels would not rise at unacceptable rates as imports were replaced by higher-priced domestic products, and productivity gains and increased mechanization had not eliminated any jobs.

Second, we are told import penetration in the domestic clothing and clothing fabric market has nearly doubled in the past 10 years, reaching a level of 58 percent in 1989. It seems apparent to me that the textile industry continues to overstate the level of import penetration in the U.S. market to justify protectionist legislation. According to the impartial U.S. International Trade Commission, for example, in 1989 textile imports accounted for only 12.6 percent of domestic consumption (measured in value). Apparel imports were higher, but no credible basis exists for asserting textile and apparel imports have hit nearly 60 percent.

Third, we are told imports have caused "serious damage, or the actual threat thereof," to the domestic textile industry, resulting in market disruption that only can be remedied through enactment of this legislation. The purported "finding" is based on false premises, namely, that market disruption is occurring with no existing mechanisms available to provide a remedy, that the industry can be helped by further drastic quotas, and that the quotas will act as the panacea for the perceived market disruption. This alleged injury, without an investigation and factual findings by the International Trade Commission, does not provide Congress with authority under the GATT and current U.S. law to provide this kind of "escape clause" relief. The industry seeks by legislative fiat to supplant the detailed procedures set forth in section 201 of the Trade Act of 1974—precisely the result Congress sought to avoid in 1974.

Fourth, the bill asserts that unless import growth is "related" to domestic growth, plant closings and job losses will continue to accelerate, "leaving the United States with reduced competition benefiting domestic consumers and leaving the nation in a less competitive international position." Like other policy statements in the legislation, it erroneously assumes that imports, not productivity gains and increased mechanization, are the principle source of job losses. Moreover, this finding makes the remarkable assumption that barriers to trade, causing higher prices and reduced availabiity of products, will *help* U.S. consumers or the protected domestic industry to compete over the long run. The average family of four already pays an extra $238 per year for clothing as a result of existing protection. The typical family hardly needs the further "relief" proposed by the domestic industry.

Finally, the bill states that actions taken by the U.S. Government under the Multifibre Arrangement have been insufficient to avoid the "disruptive effects" of import on the domestic market. If anything, the U.S. Government has been overly aggressive in departing from MFA principles to control imports. Under the MFA, the Administration has established over 1,000 quotas covering more than two thirds of the total textile and apparel imports. And yet the domestic industry wants more.

ADVERSE EFFECTS FOR THE NATION

To accomplish their objectives, the bills' sponsors would provide for one percent ag-

gregate annual growth in imports over total 1990 imports in each category of textile and apparel products. Moreover, they would provide for *no* growth in footwear, limiting imports to the total aggregate quantity that entered the United States in 1990.

The bill is fundamentally flawed. As I hope my colleagues appreciate, it is not a "modest" measure. We should reject it. Let's look at these damaging effects.

This legislation would impose substantially higher costs on consumers—our constituents—at a time when they already are burdened with billions of dollars in hidden textile and apparel taxes. According to a recent study by William R. Cline, enactment of this legislation will raise the total textile and apparel tax on consumers to over *$500 billion* over the period 1990-2000. After the S&L fiasco, who would have thought Congress could outdo itself in socking it to the American taxpayer? Given the hidden textile and apparel taxes ($238 per year per family) our constituents already are forced to pay, they should not be burdened with an additional tax on basic necessities.

The additional restrictions being proposed would cut trade dramatically. As a result of a substantial decrease in imports, retailers, their customers, and the country will be hurt. Many of the products retail customers currently demand simply will not be available. Domestic manufacturers either cannot or will not fill this need. The availability of children's wear and budget department items in particular will be substantially reduced, if not eliminated.

Second, as foreign manufacturers change their product mix to adjust to the new quota limits, they will concentrate on producing higher priced items to garner the higher profits on the limited number of products they can export. As a result, many lower-priced items simply will not be available and those items that will be available in retail stores will be too expensive for individuals on a limited budget. Consumption would probably decline over all which would not help the domestic industry.

Finally, reduced supply and corresponding higher prices will generate inflationary pressures. In the past few years, import prices have increased substantially as the market has felt the force of increased quota restrictions and overall growth in demand. And now we intend to add to inflation.

Presumably we are going to ask consumers to foot this staggering bill to increase employment in the textile and apparel industry. But does anyone "gain" from this legislation? According to Cline's study, the additional import restraints would "save" textile and apparel workers jobs at a total cost of $192,000 each by the year 2000 (at 1989 prices)! And, as retail sales fall due to higher prices and reduced selection, an estimated of 50,000 Americans will be forced out of work.

In 1985, Members of Congress were told by the domestic industry that "if import penetration of U.S. markets continues, hundreds of thousands or more workers will be laid off or more likely terminated because of plant closings". Imports have since risen to meet expanding domestic demand at modest levels of 2.5% from 1986 to 1989. The domestic industry, however, has not been devastated. In fact, textile worker employment has increased, while apparel jobs have decreased only marginally since 1985. Now the Congress is being asked to force thousands of retail employees out of work, simply to provide jobs to the domestic textile industry.

These job losses would be felt nationally. As one would expect, labor in three southern states (North Carolina, South Carolina, and Georgia) would benefit the most from additional quotas. Yet, these states have not suffered in recent years, having enjoyed unemployment levels generally below the national average. Since 1985, textile sector employment has been up, from 702,3000 to 726,100 in 1989. Apparel sector employment has been virtually unchanged, dropping a modest 0.1% from 1,121,300 in 1985 to 1,091,400 in 1989. Workers throughout the country should not be forced out of work simply to increase employment opportunities in textile states. All states have seen job losses caused by plant modernization and productivity improvements. Why should one industry undergoing the same changes be favored over others?

AGRICULTURE RETALIATION

Enactment of the legislation would provoke retaliation against our exports, in particular agricultural exports. High tech exports could also be effected. Do the textile states really want to perpetuate jobs in outdated plants while losing higher skilled jobs with far more opportunity for workers? As my colleagues may know, the European Community already has indicated that it will retaliate. This would be particularly devastating to farm families in the Midwest. Family farmers forced out of business as they no longer can compete will not relish a bill like this one that props up one industry at the expense of another.

Agriculture already had paid a heavy price for textile protection. In 1983, for example, the textile bilateral agreement between the United States and China lapsed as a result of our government's attempt to freeze China's share of our domestic market. China shifted its source of grain purchases, costing our farmers an estimated $500 million in lost sales.

To those of my colleagues who don't think the threat of retaliation is likely, let me quote from a recent letter signed by the American Farm Bureau Federation and eleven other agricultural groups:

[T]his bill proposes to limit imports in a manner that would cause great harm to United States trade interests, and especially those of American agriculture. . . .

The textile bill could give the EC the excuse it has been looking for to impose import restrictions against these important U.S. commodities [soybeans and meal and corn gluten feed]. . . .

[T]he erection of so-called "safeguard" import barriers through legislation . . . would establish a precedent that could be used by foreign parliaments to restrict U.S. farm products without any formal determination of injury. This is an extremely dangerous precedent to set.

Agricultural exports have always been the first to feel the sting of retaliation. It simply makes no sense to add yet another layer of protection for the domestic textile and apparel industry at the expense of U.S. farmers and other export-dependent Americans.

ADVERSE EFFECT ON RETAILERS

While often described as modest, this legislation will create havoc within the retailing community by totally disrupting the retailers' ability to follow changes in market demand. In addition to the one percent limitation on growth, the bill also provides the Secretary of Commerce with authority to prescribe regulations to enforce the Act, including rules to ensure the "reasonable spacing of imports over [each] calendar year." Like the licensing provision in previous quota bills, this requirement—if it could be administered—would unnecessarily complicate the importing process and impose additional costs.

By mandating global quotas, the legislation also would bring products from the European Community under tight control. Their exports to the United States are confined largely to yarns and fabrics purchased by U.S. textile and apparel manufacturers for further processing in the United States. The industry would be cutting its own throat, since it would suffer by its inability to obtain the fabrics required by fashion demands or to assemble some of their apparel abroad. It is difficult for me to see that the industry is that concerned about its employees, as it may be the largest importer of all.

The legislation would leave the Administration with the delicate task of allocating quota rights among our trading partners. It would be forced either to breach the terms of existing bilateral agreements with many smaller developing country suppliers by reducing annual growth to one percent—destroying the MFA in the process—or to grant newly controlled suppliers such as the European Community less than one percent growth. In the past, retailers could react to new controls on a given country's trade by seeking new sources of supply. No longer. This would become a zero-sum game. If one country is allowed to grow by more than one percent, another country's growth must be reduced by an offsetting amount.

MORE RELIEF FOR A PROFITABLE INDUSTRY

Upon introduction of the domestic industry's textile quota bill in the 99th Congress, we were told that "[i]f [Congress does] not act now to curb imports, in five years our entire industry and four million jobs that depend on it will simply cease to exist". The five years has expired and the industry is still prospering. This year's pleas for protection should be assessed in light of the industry's current economic performance.

Textile industry shipments have increased in six out of the last seven years, growing at a compound annual rate of 4.3 percent per year. Shipments reached an all-time high of $63.7 billion in 1989. Much of the decline in shipments during the first five months of 1990 can be attributed to the continuing turbulence in the U.S. apparel market resulting from the recent shake out in the retail sector.

From 1982 to 1989, total fibers consumed by U.S. mills increased 5 percent per year, and in 1989 reached a new high of 13.2 billion pounds. In addition, consumption of all fibers on cotton and woolen systems during the first quarter of 1990 was 3.4 percent above the amount consumed in the same period last year.

Although textile industry profits declined to $1.4 billion in 1989 due to weak fourth quarter performance, net sales, receipts and revenues increased to a record $57 billion. In the first quarter of 1990, the substantial increase in non-operating expenses was responsible for the sharp decline in after tax profits. These expenses were driven by a considerable rise in write-offs resulting from capital losses incurred from asset sales. Firms in the industry are suffering with the heavy financial burden of interest payments, on their excessive levels of medium and long-term debt—much of it high-cost junk bond debt. Congress should not be asked to limit imports so that textile industry executives can pay off the junk bonds

they floated in the halcyon days of the 1980s. Furthermore, operating expenses actually fell 4.3 percent in the first quarter of 1990 from the previous quarter.

It is evident to me that the textile industry remains healthy, and is operating more efficiently and generating increasing output with greater productivity. But—it's a lot easier for the industry to blame down cycles on imports than on the more complicated real causes.

The industry's Buy America ad campaign is a far more productive use of its funds than paying lobbyists to promote this kind of legislation. Americans need to think more about their purchasing patterns. We should be more like the Japanese and prefer our own goods—but we should not have other alternatives eliminated.

URUGUAY ROUND DISASTER

Finally, the domestic textile industry would have us kill the Uruguay Round of multilateral trade negotiations as they near what we hope will be a successful conclusion. Our nation stands to benefit immeasurably by a successful conclusion of the Round. We may finally achieve consensus on rules to govern trade in services, to protect intellectual property rights from piracy, and to limit restrictions nations may place on our investments abroad. Yet we risk losing it all if the domestic industry has its way. If the bill is signed into law, many of our trading partners will simply refuse to negotiate a reasonable conclusion. Few things could be more destructive to our nation's future prosperity.

CONCLUSION

Mr. Speaker, as the Members of this body analyze this legislation, I hope that we will keep some fundamental policy questions in mind. First, do you wish to sanction arbitrary and unilateral trade restraints designed to stifle growth and competition?

Second, do you wish to invite massive retaliation against those sectors of our economy so dependent on exports, especially American agriculture, simply to provide further protection to the most protected industries?

Third, do you wish to undermine the credibility of the U.S. in the Uruguay Round of GATT negotiations, destroying any hope for significant agreements that would further our nation's prosperity in the decades ahead?

Finally, do you wish to substantially raise the costs of clothing to consumers, in particular families with school children and families who have a limited clothing budget? Must they pay ever higher prices simply to provide further relief to an industry with an insatiable appetite for protection?

I cannot imagine my colleagues wanting to force this country to pay such a heavy price for further import protection. I sincerely urge you to vote no.

A PLAN FOR ACTION FROM REPRESENTATIVE GINGRICH

HON. CHUCK DOUGLAS

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. DOUGLAS. Mr. Speaker, we all receive dozens of flyers, notices, articles, reports, newsletters, et cetera, in the mail each day—and, of course, none of us have time to read or even review it all. One item you may have missed is the following speech given recently at the Heritage Foundation by one of the most incisive thinkers in the House, Representative NEWT GINGRICH. I think that Members will find his remarks well worth reading.

In his usual clear, forceful style, NEWT lays out what just where our Nation stands and what the proper role of Government is to be in our society.

As usual, he cuts through the noise and clutter of the day-to-day news and gets right to basics. In a simple, perceptive five-point plan, he underscores the urgent need for protecting the physical safety of our citizens, enacting progrowth and pro-opportunity economic and tax policies, reforming the welfare state and reestablishing the priority of the family budget over the Government budget.

In the weeks ahead all of us will be making difficult decisions on cutting the deficit and moving toward a balanced budget. NEWT'S plan provides us with a cogent, workable framework for action.

THE WASHINGTON ESTABLISHMENT VERSUS THE AMERICAN PEOPLE: A REPORT FROM THE BUDGET SUMMIT

(By Representative Newt Gingrich)

I want to thank Betsy Hart for having me here and The Third Generation for sponsoring this. The Heritage Foundation is one of the real centers of conservative vitality. I read with interest, for example, Jack Kemp's recent speech here on the nature and causes of poverty in America—and I think Heritage plays a major role in developing the governing ideas that are going to make America's success possible in the 21st Century.

I'm going to talk of controversial things; I make no apology for this—I've been talking on this subject for twelve years, obviously under the administration of both parties.

And I mention this only because it seems impossible to legitimately debate the issues of the day without being subjected to name calling and the application of labels.

Those of you who are in the conservative movement know that is the opening, with the exception of the word "ten" rather than "twelve," of Ronald Reagan's nationally televised October 27th speech, "A Time For Choosing," that was 26 years ago.

The amazing thing is how little things have changed.

As Bill Buckley noted recently in a special issue of National Review, "In the first issue of National Review, the editors included in our credenda the statement: the profound crisis of our era is, in essence, the conflict between the social engineers who seek to adjust mankind to conform with scientific utopias and the disciples of truth who defend the organic moral order."

MAJORITY NOT GOVERNING

Over the next 35 years, a political movement first was born, then grew and prevailed. The defense and the nurture of the moral order even by a governing majority is a challenge. I've been talking about a governing majority now for a couple years, and Bill liked the term—and used it. And yet, one of my conclusions in early August 1990 as I thought about the lessons of the first seventeen months of my being Whip in the House is that we are a majority, but we are not governing.

I have been in a position to observe firsthand how conservatism is faring in Washington, and it is all too clear that, in spite of a conservative revival among the people, the radical ideas that were promoted under the guise of "liberalism" still dominate the councils of our national government.

In a country where it is now generally understood and proclaimed that the people's welfare depends on individual self reliance, rather than on state paternalism, Congress annually deliberates over whether the increase in government welfarism should be large or small.

In a country where it is now generally understood and proclaimed that the federal government spends too much, Congress annually deliberates over whether to raise the federal budget by a few billion dollars—or by many billions.

And so the question arises: Why have American people been unable to translate their views into appropriate political action? Why should the nation's underlying allegiance to conservative principles have failed to produce corresponding deeds in Washington?

CONSERVATIVE FAILURE

I do not blame my brethren in government—all of whom work hard and conscientiously at their jobs—I blame conservatives ourselves, myself. Our failure as one conservative writer put it, is "the failue of the conservative demonstration."

But we conservatives are deeply persuaded that our society is ailing, we know that conservatism holds the key to national salvation, and we feel sure the country agrees with us. We seem unable to demonstrate the practical relevance of conservative principles to the needs of the day; we sit by impotently while Congress seeks to improvise solutions to problems that are not the real problems facing this country, or the government attempts to assuage imagined concerns and ignores the real concerns and real needs of the people.

Perhaps we suffer from an over sensitivity to the judgments of those who rule the mass communications media. We are daily consigned by enligthened commentators to political oblivion. Conservatism, we are told, is out of date—the charge is preposterous and we boldly say so.

That is of course the introduction of the The Conscience of a Conservative, 1960.

And I say that because it is exactly true today. What I will say this afternoon will, of course, be preposterous. My suggestions for avoiding a recession will, of course, be absurd; my analysis of the power of the Democratic party and the Congress will, of course, be outrageous.

RADICAL COMMON SENSE

My statements of facts, obvious to every American outside of Washinton, will prove how far out of touch Washinton is, because if you use common sense and tell the truth in America, you are a radical in Washington.

Thirty years after The Conscience of a Conservative it is amazing how much America has changed and how little Washington has changed.

President Bush said it well in his recent press conference, and I'm going to quote a portion of his remarks. He said, talking about the budget process:

"There are however, a number of specific realities to be noted. first, that Congress has the responsibility to pass a budget. But make no mistake, I will use that pen to veto any and every spending bill that busts the budget.

"Second, if no budget agreement is reached, that means a sequester on October

1 of about $100 billion. As painful as such deep cuts will be, I am determined to manage them the best I can, knowing I've done all in my power to avoid them. So the Democrats in Congress should know that if it comes to sequester, they will bear a heavy responsibility for the consequences.

"Third, if the Congress really wants economic growth and increased government revenues, the place to start is not with tax increases, but with incentives for growth investment—and jobs. I decided the capital gains area is one that would stimulate and be investment oriented.

"Fourth, Congress must recognize the other failure of their budget process to control spending—it must be reformed.

"Fifth, our budget must maintain a defense posture consistent with the demands of American leadership in the world and the dangers we face.

"And finally, the Democratic leadership of Congress must understand that the American people expect them to do their job to come forward with concrete proposals to cut the deficit.

"Our nation's fiscal problems are vitally important to America's future, and all of us have an obligation to address them."

First of all, I agree with all of President Bush's key positions, and so, I suspect, should virtually every conservative in the country. And yet you ought to ask yourself: How many conservatives picked up the telephone and called the White House, sent a letter, contacted a friend, reinforced an action which was, frankly, taken at a time when the first attack of the Washington Post was to point out that he should not be being partisan at a time of foreign crisis—a comment they never quite make about George Mitchell or Dick Gephardt or anybody who is a Democrat; the Republicans are perennially warned against partisan behavior.

And so my first point would be that he was right in his analysis. It took some courage to say in the middle of the current foreign policy environment, and every conservative should reinforce that tendency and that effort because it was the right step in the right direction, despite all of the pressures of the Washington Establishment.

POWER AND RESPONSIBILITY

The fact is that for too long we have had Democratic congressional power without responsibility. For too long we have had Republican presidential responsibility without power. We have Republican Presidents administering Democratic congressionally mandated micromanaged and muscled government. Do any of you doubt who the average bureaucrat fears more—a presidential staffer or John Dingell? Do any of you doubt who is more decisive in micromanaging the Pentagon—the Secretary of Defense or Les Aspin? We have to confront that reality. We have a congressional machine—and by the way, the Federalist Papers went on at length about the fact that in peacetime Congress will always muscle the Presidency; the Congressmen always have more power to micromanage.

After seventeen months as Republican Whip, I have reached some very troubling conclusions about the Washington Establishment and the Democratic controlled Congress that simply is not working. Congress is a broken system; it is increasingly a system of corruption in which money politics is defeating and driving out citizen politics. Congress is a sicker and sicker institution in an imperial capital that wallows in the American people's tax money.

Yet our job is to do more than simply deny or decry a broken Congress. I would urge every conservative in America to read two Wall Street Journal op ed pieces; one on January 15, 1976, called "The Stupid Party," and the other on May 14, 1976, called "The Republican Party: The Republican Future," both by Irving Kristol.

FATAL FLAW

They are prescient, brilliant and as accurate today as they were fourteen years ago. Kristol warned us, first, that every political party has its roots in some vision of an ideal nation, and he went on to say that the problem with Republicans is: "Republicans care more about balancing the books than about what is being balanced—and it is a fatal flaw."

And it is a flaw that, frankly, we as a party and as a movement still have too much of.

In following Irving Kristol's advice about vision, I have written a commitment to my constituents, and this is a little bit of a 19th Century phenomenon, I guess, when I actually wrote a letter to all of my supporters that explains what I believe is happening and what I would do were I rehired.

I'd like to share it with you for a minute.

DEAR FELLOW CITIZENS: The challenges we face here at home are just as real, just as difficult and in the long run possibly even more dangerous to America's survival than Saddam Hussein and the crisis in the Persian Gulf.

"Drugs and violent crime, the decay of educational standards, the destruction caused by the poor by our current welfare system, the increasing costs and problems of health care, the inefficient, rigid, red tape bound bureaucratic system that dominates government at all levels, the collapsing morality of elected officials at all levels as "money politics" corrupt and destroy "citizens' politics," and the constant tax increases required by the bureaucratic welfare state—all combine to form a threat to our survival as a prosperous, free country offering hope and opportunity to all of its citizens. The American Dream we have known is literally at stake.

"I am writing to you because I believe we face a real turning point in our country. Our young men and women in uniform are going to the Middle East to defend our country. They are volunteers risking their lives for America. We have an equal obligation to spend our time and resources improving our country. We should invest as much courage in the struggle to create a safe, prosperous, free America as we expect these young men and women to show defending America.

"I believe there are five key goals which should focus our efforts. First, we must insist on integrity in government. Second, we must demand physical safety as a vital obligation of government to its citizens. Third, we must keep the economy growing to create new jobs and higher take home pay. Fourth, we must invent and implement a replacement for the collapsing bureaucratic welfare state in education, welfare, health, litigation, the environment, and the very system of red tape which now wastes money, time and other resources. Fifth, we must re-establish the priority of the family budget over the government budget. You should have first claim to the money you earn for your family, while politicians should only seek taxes after they eliminate the waste, inefficiency and political spending which characterize so much of modern government.

"Let me expand on each of these points.

"First, honesty and integrity are at the heart of a free society. Corruption, special favors, dishonesty and deception corrode the very process of freedom, and alienate citizens from their country. From Lyndon Johnson's lies about Vietnam to Nixon's dishonesty in Watergate, the collapse of the Carter administration, the Iran-Contra scandal, the HUD scandal, the resignation of Speaker of the House Jim Wright and the Democratic House Whip Tony Coelho, the unethical behavior of Senator Durenburger and Representative Barney Frank, the savings and loan scandals, indictment of the very congressional system of fund raising and influence buying of high officials such as the Senate Democratic Whip, Alan Cranston and the Senate Banking Chairman, Don Riegle, and finally, with the trial of our national capital's mayor, Marion Barry, for cocaine use, all point to the fact that ours has been a generation of growing corruption and decay in the heart of our political system.

"We face a clear challenge to the survival of our political freedom. We cannot survive as a country in which half of our citizens are so alienated that they refuse to vote. We cannot survive in freedom if people refuse to be involved in the processes of freedom because they are sickened by hypocrisy and corruption. We must re-establish as the first principle of self government that politics must be an inherently moral business. The first duty of our generation is to re-establish integrity and a bond of honesty in the political process. We should punish wrongdoers in politics and government and pass reform laws to clean up the election and lobbying systems. We must insure that citizen politics defeats money politics. This is the only way our system can regain its integrity. Every action should be measured against that goal, and every American should be challenged to register to vote to achieve that goal.

"Second, every citizen has the right to be physically safe. National security and personal security are both foundations of a decent country. The Middle East crisis should remind us that a srong military is vital to keep us safe. Shootings in public near Underground Atlanta remind us that we need far stronger police and prison systems to help keep us safe. No dollar should be allocated to any other government activity until we have spent enough on a safe country and safe streets. No political spending should be allowed to preempt money from prisons and police forces. Even though our lives and our children's lives are at stake, we are still not doing enough to create personal security in America.

"Third, a healthy economy creating American jobs by competing successfully in the world market is a key domestic policy—and it is the only welfare program that will work. A job is the best welfare program. A job is the key to having money for our family, our charity, our neighborhoods, and our government. In the 1970s we were collapsing with rising taxes, rising inflation, rising interest rates and rising unemployment. In the 1980's we cut taxes, cut red tape, stimulated investment and created the largest peacetime expansion of jobs in American history. Now all the pressues are on from all the same old reactionary forces to turn back the clock to the failed policies of the past. We must fight for tax cuts to increase savings, investment and take home pay so we can continue the job growth

which is at the heart of a prosperous, successful America.

"Fourth, we must replace the false compassion of our bureaucratic welfare state with a truly caring humanitarian approach based on common sense. If you measure results rather than intentions, products rather than processes, the facts are painfully obvious. Our inner city school systems are collapsing, leaving an entire generation of Americans without the tools they need to care for themselves and their families. Our health care system is too expensive, too bureaucratic and too inaccessible for many Americans. Our welfare system actually sickens the poor, teaches destructive habits and values, encourages the collapse of families, and traps people in poverty. We have too much red tape and too little technology, too much bureaucracy and too little entrepreneurship in our effort to protect the environment.

"The 1990's must be a decade of invention, innovation, creativity and reform. We must decentralize power and programs away from Washington. We must liberate individuals, neighborhoods and local and state governments so they can experiment with new and better methods of getting the job done.

"The answers will be found in thousands of local experiments and thousands of local efforts. The federal government must free up the system to undertake those efforts. Bureaucratic rules cannot take the place of common sense; red tape cannot replace initiative and individual effort. Unfeeling bureaucracies are no substitute for the basic American values of helping your neighbor and contributing to your community. Instead of raising taxes to pay for more bureaucracy, we must replace the bureaucratic welfare state with a system that elevates those basic American values.

"Fifth, for two generations the government has been more important than the family in setting our national tax policy. Back in 1947 we had almost no taxes on an average worker with a wife and two children. The deduction per child as a share of average income was the equivalent of over $6,000 in today's money. The Social Security tax was so small—$30 a year—that it was not even noticed. Today taxes are so high, they force many mothers to work. Today's taxes are anti-child, anti-family and anti-work. Furthermore, our tax system is anti-savings, anti-investment and anti-jobs.

"Pressures to raise taxes are proof that special interests favor political spending over family spending. The pressure is enormous in Washington to favor the government budget at the expense of the family budget.

"We need new management, not new taxes. We need to control waste in Washington so you can decide what to do with your money here at home. We need to reshape the tax code to favor children, families, jobs, savings and investing in America's future.

"When threatened by a recession, we should oppose new taxes. Before raising taxes which will force families to control their spending, government must control its spending and earn the right to seek new sources of money.

"These five tasks—integrity, safety, jobs, new model government and pro-family tax policy—represent a very big challenge. They will not be accomplished by politicians alone. Only a citizens movement can force Washington, the state capitals, the county courthouses and City Halls to change their ways. Only a citizens movement can force a decade of creativity to launch a successful 21st Century America.

"The special interests will fight any citizens effort. They like raising taxes and spending your money. The cultural elite will scorn and ridicule the citizens movement. They like raising taxes and spending your money. The corrupt will oppose any citizens effort because they hope you won't register and won't vote. The corrupt understand fully George Bernard Shaw's warning: 'All it takes for evil men to succeed is for good men to do nothing.'

"As you watch our young men and women in Saudi Arabia, don't you believe we owe them a renewed, revitalized America? Their courage calls out to us to have courage. Their willingness to fight for America inspires us to fight for America.

"I need your help in that struggle. Your country needs your help. Your children deserve your help. Please register, work, speak, vote.

"Thank you.

"Your friend and fellow citizen,

"NEWT GINGRICH."

Now that's back home. Let me translate it into Washington and our vision of the future in Washington. The reality is that an entrenched liberal Democratic machine in Congress has no interest in the values that have carried every American Presidential election since 1964.

It's important to understand this. The last liberal to run as a liberal and win the Presidency was Lyndon Johnson, 26 years ago. Even Jimmy Carter ran as a southern Baptist populist—and defeated openly avowed liberals in the primaries. There has been no left winger in national power at the White House since 1964. And, there has been no non-left winger in power in Congress since 1964. And it's gotten steadily worse. It's important to understand that the Congress that President Bush served in the late sixties—the Congress of Rayburn, the Congress of McCormack—is a Congress that is gone.

UNDERMINING THE PRESIDENT

The Congress that said, "You have to go along to get along" has been replaced by a left-wing machine that says, "Do it our way or we'll punish you." And it's a very, very big difference. The Congress that believed you ought to cooperate with the President has been replaced by a Congress that believes you ought to stand next to the President until you can knife him at the subcommittee or bludgeon him in full committee or rig the legislative process or pass something you can force him to veto.

So you get cookies down at the White House and then you take your extra energy back up on the Hill to plot how to defeat the President.

And so, again and again what was once considered a noble partnership by the Legislative and Executive branch has become a process of bludgeoning by bitter liberal Democrats who know they are not being allowed by the American people to win the White House. I think they have turned increasingly corrupt in the process they engage in.

INSIDER STRATEGY

This is an important analytical argument because the standard Washington insider strategy is the 3 M's: "maneuver, manipulate and massage." The argument of Washington is: "Those of us who are shrewd insiders maneuver to get what we want; we manipulate those who are around us, and we massage the egos of those who have power."

Now there is a fundamental problem with the 3 M technique, and that is that the Democrats know who they are. They are reasonably smart people. They understand what massage feels like, they are as good at manipulation as the Republicans and they're as good at maneuvering—or better—than the Republicans.

And so when we get done maneuvering, manipulating, and massaging, George Mitchell says, "I'd rather have a recession and pass a capital gains tax" and he kills it. Or we get down to maneuvering, manipulating, and massaging, Senator Kennedy says, "but I like quotas," and he passes his version of the Civil Rights Act. Because they in fact actually believe in what they say. They really are liberal Democrats. They really like big city machines. They really favor the bureaucratic welfare state. They really like class warfare. This is who they are, and so they're not confused. And at the end of the maneuvering, massage, and manipulation, they pat us on the head and beat our brains out.

The most important analytical thing we have to understand is that George Mitchell is not Hosni Murbarak. Mitchell can't be. Murbarak is our ally in international relations because it is to his interest to have Egypt and America work together.

It is not in George Mitchell's interest to help dismantle Mitchell's machine. It is not in George Mitchell's interest to have conservative values become more dominant. He favors the welfare state over the family as a legitimate value. This is not an evil thing. It is legitimate and honorable to believe in socialism. It is legitimate and honorable to believe that government should have more of your money. It is legitimate and honorable to believe in class warfare.

It may be wrong, but it is a perfectly reasonable thing to do—and frankly, I admire him. He is a tough, solid fighter for the values and the interests he represents and he intends to get everything he can get. And he is never confused about who he is or what he is doing. He is the leader of the most left-wing Democratic party ever in the United States Senate and he intends to be the most effective possible leader of the most left-wing party ever.

CONSERVATIVE STRATEGY

Now confronted with the entrenched Washingon machine, our correct strategy is not the 3 M's. Because they simply will not work. Our correct strategy is the "3 C's"—to communicate with the American people, to coordinate our activists in the country, and to confront Washington politicians with the will of the American people and make the politicians choose.

If the politicians want to raise taxes, let them go home and say so. Then they can raise taxes and their labor union allies will be happy—and the American people will defeat them.

If the politicians want to prop up and defend inner city schools that are failing, let them go home and say so. And let's give the people back home a choice. Let us communicate our vision and our values and let people choose.

And over and over, every time for 30 years that we have been willing to follow the 3 C's strategy, we have succeeded. Because, it turns out that conservative values and basic American values happen to have a 64 or 70 or 75 percent majority, depending on which question you ask.

BUILDING PRESSURE

And when we're communicating, they say to their Congressman or their Senator: "Now explain to me again why you didn't give me what I believed in that you promised me before you were for." The pressure builds.

When we coordinate our activists and encourage them and get them working, they get the message across. And then on a number of occasions—and I cite, for example, the House vote on capital gains last year when liberal Democrats are confronted with enough votes from back home—they decide they're not quite that liberal.

And it's a very simple balance.

When the American people are quiet, the swing Democrat comes over and says to us, "I'd really like to vote with you, but you know, my caucus won't let me." When we arouse the American people enough, the same Democrat goes to see the Speaker and says, "You know, I'd really like to vote with the caucus, but the folks back home won't let me."

It's all a question of who "lets" them.

Now, since in a message, maneuver and manipulate strategy there is no pressure, he votes with the caucus. And guess what? The Democratic caucus is very liberal. This is not a shock to most of you—it believes in liberal values, it believes in quotas, it believes in higher taxes, it believes in disarming America, it doesn't like the death penalty. The list goes on and on and on.

So in a system where you don't communicate with the people, you don't coordinate your activists, and you don't confront the politician with a choice, the Democratic caucus will dominate. And it does so on a routine basis because "massage, maneuver, and manipulate" simply will not work against a determined opponent.

ECONOMIC DANGERS

I believe that we have to then take this analysis and look at a very real danger which can cause all of us enormous pain—and that is a recession. The world that existed at the beginning of the budget summit is over. It has been replaced by a very serious crisis in the Middle East which has disabused at least half the Democrats with the idea of unilateral disarmament (the other half being willfully ignorant).

You think I exaggerate? Notice some of the recent statements that we can still cut defense as much as we were going to. There are some people out there who deny reality in favor of ideology.

And second, we have the fact—absolute fact in my judgment—that the economy is clearly weaker today than it was a year ago.

Now I state those two as objective realities. And I want to make a point that is not made often enough in this city: a recession is the worst enemy of a balanced budget. If we have a recession and we have millions of Americans put out of work, the net effect of not paying taxes (because you don't have a job) and increasing unemployment and welfare (because you need it), will be to dramatically widen the budget deficit.

But there is a second hidden whammy now. And that is the cost of the savings and loan bailout. The government is now the largest seller of property in America. Therefore, it has a greater interest than any other person or group in keeping property values up. Because if property values crash, the cost of liquidating the properties goes up astronomically.

AVOIDING A RECESSION

Now, given those two objective realities and combining with them a caring humanitarian view that argues that a job is the best welfare program, the number one goal on September 5th when the Congress returns should be to adopt a proposal which will avoid a recession.

And for the life of me, I cannot see how any member of Congress or any member of the government could argue for anything else in terms of domestic policy.

We must be strong in the Middle East and we must be strong in the American economy. I believe we should have a tax cut package, because we know what doesn't work and we know what does work.

In the 1970s we tried raising taxes going into a recession—this was the famous Hoover-Carter policy, and it didn't work in the early Thirties, didn't work in the Seventies. Turns out when you raise taxes going into a recession, you get a depression if you're unlucky, and you get a very deep recession if you're lucky.

We also tried a different technique in the Eighties called lowering taxes. Lowering taxes seemed to have a better effect than raising taxes.

Now I am not an economist or a political scientist, so I don't have any kind of linear projection here. But as a historian, I am willing to suggest that we would rather be like the Eighties than the Seventies.

Now this is in Washington, by the way, a very radical statement. I'm serious. Large parts of Washington want to raise taxes precisely to repudiate the Eighties. This is an act of purification. And liberal Democrats want to be able to go home and say, "You see? We have finally done away with all the wicked things that Ronald Reagan did and now you'll be safe."

And they'll say this to very long unemployment lines.

So I propose that we have a tax cut package that challenges directly George Mitchell's willingness to have Americans unemployed in the name of class warfare, a package that challenges the Democrats directly to see which is the party of jobs and opportunity, and a package that is pro-savings, pro-investment, pro-housing, pro-poor people, pro-family, and pro-jobs.

We will next week announce the details of the package. But let me suggest to you a general framework.

First of all, the base of any such package has to be a 15 percent permanent capital gain plus indexing. To give you just one example, Alan Sinai, who is not what I think of as a right wing supply-side person, did an analysis of the 15 percent permanent capital gain cut and concluded that it would create two and a half million new jobs.

Now the liberal Democratic solution will be, "Let's raise taxes, deepen the recession and then we'll create a half million new jobs in a public works program." Paul Simon would love this; he's one of those who puts it in legislation every two years hoping the recession will come so he can use it. I think that's nuts. If we have a program which sound economists believe will create two and a half million jobs and we're on the verge of a recession, two and a half million jobs would be good—a simple, non ideological word.

Second, I believe that we should recognize the crisis in the housing industry and recognize that it is particularly a crisis for younger working Americans. I would suggest that we take the framework established by Bill Thomas of California and Mickey Edwards of Oklahoma, and expand it slightly and allow people to use their IRA, their 401-K, or their Keogh to buy a home without a tax penalty—or, to loan the money to their children or grandchildren so that they can buy a home, thereby strengthening the bond of family and creating housing opportunities for everyone.

In addition, I can hardly stand at a podium where Jack Kemp has stood and not say that this package has to include enterprise zones, which has been an idea that has been now ten years delayed and which would clearly be a powerful alternative to the welfare state in bringing jobs into poor areas, both rural and urban.

BREAKS FOR BUSINESS

I believe we should also adopt a proposal of Nancy Johnson's to establish expensing for the first $250,000 for business, which is a system the Japanese and Germans use, which encourages investment, and which would be extraordinarily important both to small business in general and in particular to defense subcontractors who are in the process of looking for an opportunity to retool without having to go bankrupt.

Furthermore, I believe we should adopt a proposal by Senator Bill Roth for an IRA Plus, which would allow every American to have an IRA-type savings account of $2,000 a year and to use it not only for retirement, but also for health care and for education and housing.

And I believe we should have what I'm going to call for a moment a "Harry Truman child deduction plan."

I believe that we have to find a way to offset the impact of the fighting and that we have to find a way to recognize that when workers out there have been in the process of paying $30 in total taxes a year, they are much, much better off at being able to maintain their family and take care of themselves than when they're in the process of paying well over a thousand dollars.

FOUR PERCENT SOLUTION

Lastly, I want to say that I think that Heritage has done a superb job in developing a concept they call the Four Percent Solution Budget. I have been, if this is not too strong a word, "radicalized" by the summit in watching the way Democrats look at control and spending, which is to say that they would love to have more tax money because they'd like to have more appropriations, because they have all the political spending they want to do. . . .

There was an underlying I think, destructive process in the entire budget summit in June and July because they continued to pass large appropriations bills on a regular basis—$41 billion over last year's appropriations and $12 billion over what the President himself requested. And I think that if you look at the Heritage proposal for a four percent solution, we can afford to cap spending at four percent above last year and do the same thing next year. Not even a freeze, but simply cap spending at four percent. And we get to a balanced budget.

Because the problem in the Eighties was not the lack of revenue; we more than doubled the amount of revenue the government got compared with Jimmy Carter. The problem in the Eighties was that Congress under the Democrats is prepared to spend politically 8 to 10 percent more than we give it, whatever the amount we give it.

And therefore, I think we have to insist on a spending-oriented approach to get control of the federal budget and to insure that we

get to a balanced budget without further burdening the American people, the American family, and the American economy.

Let me say just one or two last things.

ONGOING TRADITION

First of all, I started with Reagan and Buckley and Goldwater and then Kristol to make the point to the Third Generation that there is a reason it's called "The Third Generation." This is not a new struggle. We have been having this argument now for about 30 or 35 years. It is an argument between the Left and the Establishment in the city of Washington—and the rest of us. The Establishment, of course, always says the rest of us are naive, provincial kooks who don't really have a sound grasp, who are people who make movies with chimpanzees. We are department store owners from Arizona, we're random state college history professors from Carrollton, Georgia—but we're not sophisticated, urbane, effete people who understand how you can sell out the values of the American people and truly govern by having the right kind of office.

Now let me just say to you: what you have to confront is that you are part of an ongoing tradition, and we are once again at the same point of defining who stands where, what are we going to do and what kind of America do we want.

I think those of you who get a chance will understand better the distinction between citizen politics and money politics when you see Pat Choate's article in the Harvard Business Review next month and when you look at his new book which will be out in late September—which makes as a passing point that the Japanese now having learned our system, spend more money per year on politics in America than the Democratic and Republican parties combined. And when you study that, it's not the Japanese fault that we have a system that encourages people like Jim Wright and Tony Coelho. It's not the Japanese fault that we have a system that encourages people like Alan Cranston and Don Riegle—they're simply learning to play the game like everyone else.

WASHINGTON AGAINST AMERICA

And we need to look at this city as a city which is almost totally out of touch with the American people today, a city which has rejected every presidential election since 1968—in both parties. They rejected the Republicans and they rejected Jimmy Carter, and then they rejected more Republicans. This is a city which is proud that it has withstood all the screams of the American people for lower taxes, less government, and a replacement for the welfare state.

I believe that 1990-1992 will be key elections in the struggle for America's future. I'll tell you what—and I say this having worked as an insider now for seventeen months and having worked with the President and with his staff—I think that President Bush is doing brilliantly in the Middle East. I think it is an extraordinary performance. I think every one of you ought to look at it carefully as a study in what a truly master diplomat is able to do. And I think that he deserves our wholehearted support for an extraordinary improvisation that has pulled together a range of allies none of us had expected and has created an opportunity for us to turn back barbarism and brutality in a way that most of us would not have expected.

RAISING THE RIGHT BANNERS

At the same time, I think it's a bit much to then have him come to Washington and say exactly the right thing, raise exactly the right banner—and get almost no response.

I think we in the conservative movement have to bear a certain amount of burden here. If we will start the correct fights, George Bush knows who his allies are. If we would raise the correct banners, George Bush knows which battle field to repair to. But I think it's a bit much for us to say to him, "You have to lead on everything, every time." It also happens to be explicity contradictory to the conservative value structure.

We believe in a decentralized America—and yet every meeting I go to, what is the topic? "What are they doing in the White House?" What have they failed to do this week? Who did they fail to appoint? What does this latest signal mean? Look at the traditional Goldwater and Reagan. The question ought to be, "What fight did you start?" What new ally did you recruit? What new idea did you launch?" And is that a little lonely? Yeah, to be an activist conservative in an imperial capital of the Left, is a little tough.

Well, you don't get to walk around wearing the merit badges without earning them. Now the Goldwater generation paid their dues, the Reagan generation paid their dues—and I came here tonight to say to the Third Generation: This is a real fight over real power against real professionals. They are going to do everything they can in the Democratic party to win. People like George Mitchell are going to aggressively, shrewdly, intelligently, and ruthlessly represent their values, and they frankly are stunned and amazed when we fail to do the same.

WEARING OUT THE OPPOSITION

And it's your job, I think, to be as tough, to work an hour longer, to hang out an hour later in negotiation, to come up with two ideas better, to rally three allies more, and in the process to simply wear them out. And if we will do our share, I am absolutely convinced that the President will do his share.

I want to close with this statement. What finally got to me—and I just want to share this with you because I think that every one of you ought to think about it—was that a friend of mine called and cited a quote of the day from the New York Times from a five-year-old girl who said she didn't like to look out her front window because she didn't want to get shot in the face.

Now I want you to think about that. This is, by God, the United States of America and if we're going to care about hostages in Kuwait, we ought to care abut the hostages in the Bronx.

And I am sick and tired of being told that we have to put up with some modicum of decay in the bureaucratic welfare state because it's inappropriate in the city to tell the truth. This is a sick process; the Congress is a sick institution. I care about that five-year-old girl, and as far as I'm concerned, we're gong to fight to change this country, to give those kids when they get back from the Middle East a country that they deserve, that they are earning at the risk of their lives.

DEPARTMENT OF ENERGY SCIENCE EDUCATION ACT

HON. MARILYN LLOYD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mrs. LLOYD. Mr. Speaker, Today, I am introducing the energy research and development subcommittee bill for Department of Energy Science, Engineering and Mathematics Education programs. This bill is a multiyear authorization package which also makes these education programs a part of DOE's permanent mission.

The subcommittee has held numerous hearings on this subject, and the legislation has incorporated many of the points and recommendations offered us by the many expert witnesses. I am proud that most of my colleagues on the Subcommittee on Energy Research and Development have joined me in sponsoring this bill demonstrating a strong bipartisan approach to a very important issue.

The decline of students entering the science, engineering and mathematics fields which we are experiencing today can lead to disastrous situations in the future. Both Government agencies and private sector corporations are witnessing the higher demand for scientists and engineers while feeling the shortage of supply.

The U.S. economic future depends on a strong science and technology foundation. We have lost many commercialized technological achievements to other nations. To regain our preeminence in science and technology, research and development, and the commercialization of new technologies and developments, we will have an even greater need for more scientists, engineers and mathematicians.

The Federal Government is the largest employer of scientists, mathematicians and engineers. Therefore it is proper that the Federal Government develop education programs that encourage students—all students including women and minorities—to pursue careers in those fields.

The DOE science education bill also establishes some new programs such as the volunteer program to make retired scientists and engineers available as a public school resource, and it creates a nationwide system of summer science camps for junior and senior high school students. Another important aspect of the bill is to ease the procedures by which DOE, its national laboratories, and its other facilities can transfer technical and scientific equipment to public schools and colleges and universities.

This bill will provide for DOE's federal and contractor scientists to continue their roles as leaders in science and technology. It is important that the laboratories and other DOE facilities remain in the forefront stimulating excitement and interest in science, engineering and mathematics and developing our future resources for the technological challenges ahead.

I urge my colleagues to support this legislation.

A RESOLUTION COMMENDING PRESIDENT HOSNI MUBARAK OF EGYPT

HON. WAYNE OWENS

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. OWENS of Utah. Mr. Speaker, I rise to introduce a resolution commending President Hosni Mubarak, of Egypt, for his strong leadership in mobilizing the Arab world in opposition to the brutal, unprovoked Iraqi invasion of Kuwait.

From the very outset of the crisis, when more than 100,000 Iraqi troops were poised on the Border of Kuwait, President Mubarak and his Ministers criss-crossed the region, trying to defuse the problem and prevent what would become the first major Arab invasion of another Arab state. It was at President Mubarak's urging that representatives from Kuwait and Iraq met in Jiddah, Saudi Arabia for direct talks on August 1.

Immediately after these talks failed and Iraqi troops overwhelmed Kuwait, Egypt hosted an Arab League ministerial at which President Mubarak persuaded a majority of member states to condemn the invasion. Shortly afterward, at an Arab League summit, the Egyptian President proved instrumental in the majority passage of a resolution authorizing a multinational Arab force to be deployed in Saudi Arabia.

One day later, on August 11, the first contingent of 4,000 Egyptian troops arrived in Saudi Arabia, and shortly thereafter, President Mubarak announced the deployment of a 12,000-man mechanized infantry division. While the Arab League continued to dicker over how to respond to Iraq's aggression, this immediate deployment helped galvanize international support for the containment of Iraq and the protection of Saudi Arabia.

In sum, President Mubarak has been and continues to be the principal force mobilizing opposition within the Arab world to the Iraqi invasion of Kuwait. His strong leadership exemplifies a spirit of cooperation among nations allied to uphold Kuwaiti sovereignty and break Saddam Hussein's stranglehold on the thousands held captive in Iraq and Kuwait. I strongly urge your support.

TRIBUTE TO JUSTICE ANTHONY SCARIANO

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. RUSSO. Mr. Speaker, I rise today to acknowledge the achievements of Justice Anthony Scariano of the Illinois Appellate Court. It is appropriate that I speak of his accomplishments because Justice Scariano has been chosen to receive the prestigious Man of the Year Award from the Justinian Society of Lawyers.

Friends, family, and numerous civic, political, and business leaders of the city of Chicago and the State of Illinois will honor Justice Scariano at a gathering of the society at the Palmer House in Chicago this month.

On the night of September 26, Justice Scariano will become the 26th recipient of the Justinian Man of the Year Award. Upon the presentation of this award, he joins the list of distinguished recipients which includes A. Bartlett Giamatti, Commissioner of Baseball; Joseph Cardinal Bernadin, Archbishop of Chicago; Richard F. Celeste, Governor of the State of Ohio; Benjamin R. Civilette, Attorney General of the United States of America; Leonard F. Amari, Michael Coccia and Lawrence X. Pusateri, past presidents of the American Bar Association; and Congressmen FRANK ANNUNZIO, Peter W. Rodino, and myself.

During his many years of law practice, Justice Scariano has also served the public. In the Illinois House of Representatives from 1956 through 1972, he was awarded a Best Legislator Award by the Independent Voters of Illinois for six of his eight terms. In 1967, Justice Scariano was the recipient of the Clarence Darryl Humanitarian Award from the Clarence Darryl Center of Chicago, and in 1968, he was the first recipient of the Annual Freedom of Information Award from the Headline Club of Chicago. In 1970, the Illinois Trial Lawyers Association honored him for his distinguished service in the Illinois House of Representatives and in 1971, the Chicago Bar Association conferred upon him its award for service to the State of Illinois as a distinguished lawyer-legislator. In December of 1972, Governor Dan Walker named Justice Scariano as Chairman of the Illinois Racing Board, a position he held until 1977. In September 1985, the Supreme Court of Illinois appointed him a justice of the appellate court and, in November of 1986, he was elected to the same position for a 10-year term.

As a past recipient, I am aware of the rich heritage of the award and of the emotions that Justice Scariano may feel on this special night. He is an exceptional man; his accomplishments are extraordinary. It is no surprise that he would be chosen for this award.

I know my colleagues join with me in commending Justice Scariano for his many years of fine service and for the great honor of being the Justinian Man of the Year.

A TRIBUTE TO JUDGE JOHN D. WENDELL FOR 40 YEARS OF DEDICATED SERVICE TO THE RESIDENTS OF ARANSAS COUNTY, TX

HON. GREG LAUGHLIN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. LAUGHLIN. Mr. Speaker, it is with great pride that I pay tribute to Judge John D. Wendell for dedicating 40 years of his life to the progress and enrichment of Aransas County, which is in the 14th Congressional District of Texas.

Judge Wendell took office in January 1950, and efficiently met and exceeded his responsibilities as County Judge. During his tenure, Judge Wendell effectively implemented progressive developments that resulted in the construction of a new county courthouse and jail; the first county library; a juvenile hall, which was named after him; a new county tax office; an expanded courthouse, which reflects the growth of the local government; and the acquisition of additional properties surrounding the present county government complex so that expansion and additional buildings may be constructed as needed.

In addition to increasing the public resources of Aransas County residents, Judge Wendell also worked with other district, municipal, State, and national governments to ensure that Aransas County would be considered one of the best. The consequent result was the construction of the Lyndon B. Johnson Causeway over Copano Bay in Aransas County, TX; an impending State Highway 35 bypass; an expanded and enviable county airport; and the induction of the Aransas County MHMR and Family Planning Services.

Judge Wendell is also responsible for keeping the juvenile delinquency rate and the overall crime rate in Aransas County at its lowest. The House of Representatives of the State of Texas has recognized Judge Wendell as one of the longest serving county officials in the State and Aransas County.

Judge Wendell has established a standard of integrity and excellence in government that is attained by few, and his standards are exemplary to all of us who strive to serve the people of our State and Nation.

I join everyone who knows Judge Wendell and recognize his generous contributions to Aransas County and the State of Texas in wishing him the best. He will be missed in his official capacity as county judge when he retires in December 1990, but his legacy will serve as a reminder to us all that there are people who care enough about the welfare of others to dedicate their life to public service.

DON'T ADD TAX BURDEN TO OVERLOADED MIDDLE-INCOME TAXPAYER

HON. LANE EVANS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. EVANS. Mr. Speaker, as the budget summit continues at Andrews Air Force Base, I would like to take a moment to restate my strong opposition and the opposition of many of my colleagues to any proposal to eliminate or restrict the deduction for State and local taxes. Elimination of this deduction would be a totally unacceptable tax increase for middle-income taxpayers. According to Internal Revenue Service figures for 1987, a majority of American Taxpayers in the $30,000 to $50,000 income bracket deduct State and local taxes. It is hard for me to imagine how a proposal like this could even be considered when middle-income taxpayers are already paying a higher marginal tax rate than upper-income taxpayers and when President Bush is proposing cuts in the capital gains tax rate which primarily benefits the wealthy.

In the last 10 years Federal dollars to our local communities have been reduced dramatically. Many of these communities have

had to increase local taxes to make up for these losses. To now turn around and deny our citizens a deduction for these taxes is a double whammy; in football terminology, it's piling on.

The deduction for State and local taxes was part of the original legislation which established the modern income tax in 1913. Authors of that legislation felt that taxing individuals on income that they had already paid as taxes to State and local governments was double taxation.

In addition to these problems, there is a regional bias in eliminating this deduction. Taxpayers in the Northeast-Midwest contribute about 47 percent of the tax dollars. Yet, Programs that benefit the Northeast-Midwest are being eliminated to enable the Federal Government to use these tax dollars to bailout S&L's in the Sun Belt. We are seeing a massive transfer of Federal dollars from the Northeast-Midwest region to those areas of the country with large numbers of S&L failures. Revenue realized from an elimination of the deductibility of State and local taxes will come disproportionately from Northeast-Midwest taxpayers thus exacerbating this inequity.

I urge the participants in the budget summit to preserve the deduction for State and local taxes. Don't add to the tax burden of the already overloaded middle-income taxpayer.

NEW COMPREHENSIVE INFORMATION RESOURCE ON ACADEMIC SCIENCE AND ENGINEERING

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. WALGREN. Mr. Speaker, although known mainly as the agency which supports research and educational activities in science and engineering at colleges and universities, the National Science Fondation [NSF] also has an important role in the collection of information on scientific resources and manpower. The NSF Act of 1950 specifically directs the foundation "to provide a central clearinghouse for collection, interpretation, and analysis of data on scientific and engineering resources and to provide a source of information for policy formulation."

NSF has recently published a report which offers strong evidence of the attention NSF pays to its data analysis mandate. The report, "The State of Academic Science and Engineering" (NSF 90-35), is a comprehensive source of information on trends in the relationship between the Federal Government and academic research institutions. In a series of clear charts and graphs, the report sheds light on such important issues as the changing role of different Federal agencies in support of research in academe, trends in the training of new scientists and engineers, the distribution of federally sponsored research among institutions and regions of the country, and trends in the various factors affecting the cost of performing research in academe.

The report was produced by NSF personnel in the division of policy research and analysis. It was made possible by the development over several years of a microcomputer database system containing over 300 megabytes of data from NSF, the Department of Education, the National Academy complex, and private sources. This computer-based data analysis system allows the mountain of otherwise inaccessible facts to be transformed into useful information for assessing the health and vitality of the U.S. basic research enterprise and using to form good policy.

NSF should be commended for providing a valuable reference source for anyone interested in the nature and impact of the Federal interaction with university-based science and engineering research and education. I ask that the following summary of the contents of the report be reprinted in the RECORD.

THE PLAN OF THE BOOK

In the pages that follow the salient features of the relationship between the Federal Government and research universities are defined. The text looks backward at the development of linkages, considering the present state of the systemic interactions, and indicates some future directions that seem to flow from the impact of contemporary debates on the government-university relationship.

The empirical record is framed as clearly as possible, and information is presented in graphical form for ease of interpretation.

Section One sets the context for the ensuing discussion, first by providing an overview of the research system. The order of magnitude of research and development expenditures among Federal R&D expenditures is examined and the role of the university in the total Federal R&D system is described. Some important distinctions in different categories of expenditures are developed.

Through these remarks concerning the contemporary place of Federal R&D expenditures, and the overriding issue of supply of scientists, a current state of the system is established. Once this overview is presented it is possible to "deepen" our understanding of the relationship between the Federal Government and the research university by inquiring into the historical roots of the relationship. Section One continues with an examination of the historical emergence of the relationship of the Federal Government to science from the Founding Fathers, whose concern was with exploration of the U.S. territory, to the land grant system devised to promote agricultural development, to the war efforts of the twentieth century, and on to the competitive efforts of the twenty-first.

The first section concludes with a discussion of the complexities of the Federal R&D budget process as a backdrop to the general discussion of Federal research funding. There has been an evolution to a state in which many agencies of Government provide research funding, but each have different missions, methods of distribution, and characteristic recipients. Thus, through this context development the stage is set for clear articulation of the current material condition of science and engineering and the relationship between the Federal government and the research universities.

Section Two builds on this understanding of the interrelationship that has developed over time between the Federal Government and the research universities of the United States. The fastness of this bond and its distributional nature—in terms of geographical location and fields of study are examined and the question of "fairness" is addressed. We find the identifiable concentrations which exist are natural artifacts of a competitive system based on excellence.

Costs for research are treated in terms of manpower, equipment, facilities, and indirect costs. This discussion establishes a context for the concluding chapter of this section—output from the research university.

Section Three treats the higher education system, the specific place of the research university within it, and the likely drop-off in the production of natural scientists and engineers facing the United States. Here the operating taxonomy of universities is deployed to examine trends in the system, e.g., enrollment, personnel, revenues, etc. These trends are then related to the state and condition of predominantly teaching institutions.

The actual production of degrees by the system, and the resulting pool of potential and actual scientists and engineers, is a major context setting issue, so much so that it has impelled us to delve into the "pipeline" issue in detail. Section Three devotes a chapter to this important subject, outlining the demographic roots of an estimation of shortfall.

Finally, the Epilogue offers some speculative scenarios about the research universities and their relationship to the Federal Government. Here, both discussion of general system tendencies and some of the apparently irreducible enigmas are outlined. These latter matters are not resolved; rather they are established in the hope and expectation that further research among scholars and analysts within and outside the academic community will yield plausible suggestions for their resolution.

Throughout the text there is extensive graphic presentation of the general trends under discussion. More detailed charts and graphs related to each chapter are resident in the Appendix. These more detailed charts and graphs are especially helpful to the reader who wishes to explore the complexities of the trend lines and who delights in finding the exception to the general rule. In any case, the exposition of the chapters which follow is a picture of the evolution of the university research system, especially as it relates to the Federal government.

VALIANT TURKEY HAS COME THROUGH FOR THE WEST

HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. BURTON of Indiana. Mr. Speaker, the following commentary by Douglas J. Feith, which appeared in August 25 edition of the International Herald Tribune, correctly emphasizes, that of all America's allies, none deserve more credit for their stand against Iraq's invasion of Kuwait than the Republic of Turkey. For those Members of Congress who fail to understand the value of having courageous allies, like Turkey, who are willing to take immediate and dangerous actions in order to defend the interests of the West, this article is a must.

VALIANT TURKEY HAS COME THROUGH FOR THE WEST

(By Douglas J. Feith)

WASHINGTON.—The Gulf crisis highlights America's need for allies with the inclination, resolution and wherewithal to join in dangerous, high stakes actions to defend the interest of the West. It also reminds America that loyalty to its friends abroad is not only a virtue but a good investment.

Of all America's allies, none deserve more to see their stock rise as a result of this crisis more than the Turks. Turkey has come through for the United States—and the West in general—unhesitatingly and at great cost and danger to itself. It denounced Iraq's invasion of Kuwait within hours, and immediately endorsed the U.S.-led initiative of the United Nations Security Council to condemn the aggression.

The shutdown of Iraq's oil pipelines through Turkey cuts the Turks off from their major source of oil for domestic use and deprives them of fees of $300 million a year. Turkish-Iraqi commerce amounts to $2 billion a year, a substantial share of Turkey's foreign trade. Yet Ankara agreed right away to adhere to the UN-ordered economic sanctions. When asked whether he had obtained a U.S. commitment to compensate his country, President Turgut Ozal said: "I believe that the most important thing is that we should stop this aggression. This is much more important."

The rule in Turkish foreign relations is to shun provocative action and to avoid the spotlight. In international controversies, it prefers to stand squarely within an existing NATO consensus. In the current crisis, however, Turkey found leadership thrust upon it; after all, it is the only predominantly Muslim ally in NATO and the only ally that borders Iraq.

The role could not have been welcome, not least because Iraq, unlike Turkey, possess intermediate-range ballistic missiles, chemical weapons and a nuclear weapons production program. Iraq's conventional military hardware is, in general, more capable, more numerous and far more modern than that of Turkish armed forces.

Nevertheless, by promptly endorsing the embargo and undertaking general cooperation within NATO vis-a-vis Iraq, Turkey has performed its leadership function with courage and good results. It contributed invaluably to crystallizing international opposition to Saddam Hussein.

Turkey's solidarity with the West is all the more praiseworthy for the ill-treatment that it has received from its allies in matters of paramount concern to Turks. Regarding military aid, for example, Congress links the level for Turkey to the level for Greece. The linkage is offensive to Turks for its implication that Greece must be helped to defend itself against Turkey, its NATO ally.

For the Turks, the period before the Gulf crisis was rife with affronts and rebuffs.

In February, the Senate minority leader, Bob Dole of Kansas, occupied the Senate floor for days with his proposed "commemorative" resolution accusing the Ottoman Turks of "genocide" against Armenians during World War I. The Reagan administration vigorously opposed similar resolutions. This time, however, the White House barred top administration officials from lobbying against the Dole resolution. A few weeks later, in April, the White House issued its own proclamation on the subject that was nearly as offensive to the Turks as the Dole resolution.

In July, Washington concluded a new bases agreement with Greece that contained language, added at the insistence of Athens, that could be read as an unprecedented guarantee of Greece against Turkey. The semantics are arcane and the administration has, of course, denied any change in policy. But in both Greece and Turkey much was made of the issue as a dramatic sign of estrangement between Ankara and Washington.

Meanwhile, the European Community refuses to approve Turkey's application for membership. Knowledgeable West European diplomats expect that Turkey would likely win admission, if ever, only after the Community welcomes several countries from the former Warsaw Pact.

Yet when the Iraqi crisis arose, Turkey did not temporize. It did not recriminate with its allies. It did not bargain. Though the crisis again revealed Turkey's unique value as a bridge between Europe and the Middle East. Ankara made no effort to parlay its cooperation into concessions.

The West, which urgently solicited and fortunately received crucial help from Turkey, has not been assessed the wages of infidelity. While rejoicing that Turkey's friendship has been truer than our own, we should not push our luck.

(The writer, an attorney who represents Turkey, was a senior Defense Department official during the Reagan administration. He contributed this comment to the International Herald Tribune.)

DRUG TESTS AFTER EACH S&L WRECK

HON. MAJOR R. OWENS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. OWENS of New York. Mr. Speaker, earlier this week I introduced legislation to expand public surveillance and supervision of the activities of the directors and officers of failed savings and loan institutions.

H.R. 5564 would require that the officers and directors of defaulted savings and loans and banks be subjected to periodic, random testing for controlled substances. The legislation further requires that a program of random drug testing be initiated when the appropriate regulatory agency determines that a bank or S&L is in danger of default or has incurred or is likely to incur a "substantial dissipation of assets or earnings" as a result of any violation of law or regulation, unsafe or unsound practices, or imprudent management or business behavior. These tests would, of course, have to meet appropriate standards for accuracy and efficacy.

Under H.R. 5564, any savings and loan executive or director who refuses to undergo testing without good cause or who tests positive for the use of a controlled substance would have to be immediately removed from his or her position. Federal banking agencies would also have to be notified and an order barring the individual from participating in the conduct of the affairs of any insured depository institution would be issued.

Ordinarily, I view random drug testing proposals with great suspicion and do not support them except in compelling, exceptional circumstances, such as following a railroad accident. But I can think of few situations more compelling and exceptional than the S&L disaster, a financial train wreck of historic proportions for the taxpayers of the United States.

And it is hard for me to imagine what except rampant drug abuse can explain some of the strange goings-on in the savings and loan industry. Not a week passes that we do not hear of another new bizarre investment upon which S&L dollars were squandered and for which the taxpayers have been left holding the bag. Just this week, for example, we learned that the Columbia Savings & Loan of Beverly Hills spent millions of dollars to build bullet-proof "survival chamber" bathrooms with leather walls and stainless steel ceilings in its corporate headquarters. Since Columbia has since gone belly up and defaulted, these exotic toilet facilities are now owned by the taxpayers.

The humiliation and indignity of being required to urinate in a tiny glass bottle under the watchful eyes of another is not something we should impose on people without good cause. But, given the enormity of the S&L scandal and the vast public resources it will consume, I can think of few who so deserve to be humiliated as the executives and directors of bankrupt S&L institutions.

I recently wrote a rap-style poem to further explain my reasons for introducing H.R. 5564 and the importance of this legislation. I commend the text to my colleagues:

DRUG TESTS AFTER EACH S&L WRECK

Just like we treat the rest
After each bank calamity
Make the big shots take the bottle test
And watch them while they do it
Make them fill it to the top
And don't let them unscrew it.
Losing millions on each deal
They had to be on a poison pill
They just couldn't steal enouth
Probably some were sniffing stuff.
They lost control
Maybe it was cocaine
That wrecked each boardroom brain.
Watch them go to court now
And plead they were insane.
Make them take the bottle test
Treat white collar thugs
Just like we treat the rest.
Evidence from behind boardroom doors
Shows some kept a haven of whores
Stands to reason taxpayers should assume
There were also mini-illegal drug stores.
CEO's just had to be high
Everyday investing in pie-in-the-sky
Spending money by the millions
Buying intricate persian rugs
These loonies must've been doing drugs.
Clean immaculate thugs
The best and the brightest
Churchgoers camouflaged in choir robes
On the surface always the rightest
But underneath a dangerous pest-
Make them take the bottle test.
Babies and seniors will suffer
From this monstrous mega-sin
Masterminded by greed addicted men.
For their awful habits
The bills have now come due
The inept IRS will be sending them out
For payment by me and by you.
Finally the overdoses have halted
But for decades to come
The general welfare will be defaulted.

Make the big shots take the bottle test
Patriots stand over them while they do it
We gave them the privilege of the American dream
Let's remind them that they blew it.

TRIBUTE TO ST. ANASTASIA'S PARISH 75TH ANNIVERSARY

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. SCHEUER. Mr. Speaker, I would like to quote from the history of St. Anastasia's Parish in my district, which is celebrating it's 75th anniversary this year.

History is not yesterday's current events. It is that part of the ongoing story of a people that gives their present an anchor and meaning.

Mr. Speaker, these words are an appropriate tribute to the parish of St. Anastasia. Founded in 1915, St. Anastasia's first pastor was Father Francis Uleau, followed by Father John Clarke. These men established a faith community with unlimited possibilities for growth.

St. Anastasia started out as the home of a rather small Catholic community. Previously, parishioners had to walk all the way to Bayside, a considerable trek.

In 1922, the church served about 200 members. But over the next 5 years, due to a boom in local real estate, membership increased 5 times to about 1,000. Families moving out of the city for a more civilized family life had increased the size of St. Anastasia's Parish dramatically.

Mr. Speaker, St. Anastasia's Parish School opened in 1928, and classes were conducted by the Sisters of Blessed Mercy of Wilkes-Barre, PA, a noted group of educators. The school continues to teach children from inside and outside of the parish.

Mr. Speaker, St. Anastasia is a treasured member of the Douglaston/Little Neck community. They are part of a beautiful network of houses of worship throughout the Eighth District of New York. On this, the 75th anniversary, it is fitting that we place these words in tribute of St. Anastasia's longtime contribution to the community and to New York City.

A LETTER TO THE PRESIDENT

HON. PETER HOAGLAND

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. HOAGLAND. Mr. Speaker, Francis Moul, from Lincoln, NE, wrote this letter to the President as a suggestion of how to reverse the destruction to our environment that is occurring day-to-day. Although Labor Day has come and gone, I believe his sentiments and his suggestions are still apt.

JUNE 19, 1990.

DEAR PRESIDENT BUSH: The canary in the miner's cage has died.

Recent new stories that told of the mysterious disappearance of amphibians—frogs, toads and salamanders—from across the Earth is the clearest signal yet of the seriousness of our environmental crisis.

Those dying amphibians, suffering from acid rain and ultraviolet light coming from a badly damaged atmosphere, are like the canary that warned miners when there was a deadly gas in their caverns. The only problem is, we don't have an exit to rush to, to escape the danger.

It is hard to exaggerate the dangers we face from the pollution we have created on our Earth. Accelerated cutting of tropical rain forests, oil spills on our oceans and waterways every day, continued clear cutting of national forest that should be the treasures of our country—all these and much more are killing us off, at an increasingly faster rate.

The death of the frogs is the clearest evidence yet that we must make changes; drastic changes that will reverse this headlong flight to disaster.

I have a suggestion for starting that process of change that you, as our President and as a world leader, could do.

I suggest that all of America take a holiday on Labor Day, Sept. 3, 1990. This would be a true holiday, with everything but the most essential of emergency services closed down.

It would be a pause in our busy national endeavors, with stores closed, highways, freeways and roads shut down; power plants on reduced capacity or shut down completely and all nonessential services and businesses closed.

The streets would become sites for neighborhood gatherings. Highways would be open to walkers and bicycle riders. Freeways would be available for picnics.

With a little planning, people would not be terribly displaced by this total shutdown. They would simply be unable to use their cars for just one day.

It would be a magnificent gesture to our need to slow things down, find better ways of living our everyday lives and start to turn around this process of killing our planet.

Naturally, the one-time gesture would not be enough. It would, however, show that we can do such a thing and that we can do it on a regular basis.

After Labor Day, similar holidays could be planned once a month, then biweekly, and so on until we have regular days each week where activities are closed down.

Only by thus denying ourselves the use of our modern technology that we have become so dependent upon—and which is so very damaging to our Earth—can we understand that we are in fact dependent upon our national world.

Ultimately, we must realize that the canary in the miner's cage isn't singing anymore. It has died. We must heed that warning.

Mr. President, you can make this happen if you wish it so. Millions of concerned Americans stand ready to help you do it. They just need to be asked.

Sincerely

FRANCIS MOUL.

ARE DEBT-FOR-NATURE SWAPS VIABLE?

HON. MATTHEW F. McHUGH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. McHUGH. Mr. Speaker, debt-for-nature swaps have become increasingly popular with environmentalists, commercial creditor banks, and the governments of a number of debtor nations since their emergence in 1987. Indeed, President Bush's "Enterprise for the Americas" initiative proposes debt-for-nature swaps as a way to cancel a portion of the $12 billion Latin American public debt owed to the United States Government.

The environment is a valuable resource and its preservation is vital, but whether debt-for-nature swaps represent a viable, long-term solution to steadily deteriorating economic conditions, especially in Latin America, is a fundamental question that needs to be examined closely and objectively.

A recent article by Laura Caldwell, a research associate with the Washington-based Council on Hemispheric Affairs, draws attention to some of the problems that have arisen in past exchanges with the region and questions the use of debt-for-nature swaps as an all-encompassing solution to the environmental and economic problems facing Latin America.

Without endorsing its conclusions, I would like to call this article to the attention of our colleagues as they continue to consider the implications of debt-for-nature swaps.

DEBT-FOR-NATURE SWAPS: ARE THEY REALLY A VIABLE SOLUTION?

(By Laura Caldwell)

The idea of debt-for-nature swaps arose in 1984 when it was hypothetically proposed by Thomas Lovejoy, then-vice president of the World Wildlife Fund. Suggesting that "debtor nations willing to protect natural resources could be made eligible for discounts or credits against their debts," Lovejoy triggered the interest of various international conservation organizations to save fast disappearing parcels of open land with special attributes. Shortly afterward, they developed proposals to enable certain debtor nations to cancel small amounts of foreign obligations in exchange for national investments in conservation programs within their countries.

In 1987, sponsored by Conservation International, a private U.S. environmental organization, Bolivia agreed to the first debt-for-nature swap, exchanging $650,000 of its foreign debt for a government commitment to protect specified areas of biological importance within the country. Despite the many unforseen problems that arose in the Bolivian case, the popularity of the debt-for-nature swap concept has grown and many similar exchanges have occurred in the past three years.

Similar to debt-equity arrangements, debt-for-nature swaps involve the purchase by a private international conservation organization of a portion of a debtor nation's foreign debt from a commercial bank, or the forgiveness of such a debt by a foreign government. Commercial banks usually sell the debt to private buyers at a discount, often at rates as low as 10 percent to 30 percent of its face value. In exchange, an amount of money close to or equal to the actual debt relieved, rather than the discounted figure, is either granted directly or allocated through the national government in national currency to the country's conservation organizations. In this manner, a private international conservation organization is able to relieve millions of dollars of a nation's debt by purchasing a much smaller fraction of it. The money released from the foreign debt

into the domestic market is usually made available in the form of bonds to fund local environmental projects. The cooperation of the donors, the commercial banks, the debtor nation's authorities and the local conservation organizations is required to assure that all interests are taken into account.

However, problems abound. Negotiated solutions and designated plans often are not implemented and deadlines frequently not met. Programs that are mandated by international environmentalists at times do not fit the needs of local organizations or the individual country's political and economic agendas. A simple government proclamation to protect a specified area of land or allocating a certain amount of funding for environmental programs will frequently not withstand internal and sometimes external pressures for the government to focus on other domestic priorities, such as a desire for additional hydroelectric power capacity, the development of transportation systems, how to deal with the poor squatting on public lands, or the need for additional social programs. The issue of national sovereignty is often raised when governments adopt conservation programs developed by foreign organizations; although these groups do not own the land to be protected, they are integrally involved in its preservation, an issue that is frequently perceived as rightfully an internal affair.

Three years after the first debt-for-nature arrangements were implemented, results of the Bolivian, Costa Rican, and Ecuadoran swaps are beginning to be evaluated. In Bolivia, most of the problems surrounding their implementation are logistical and political. Due to government budgetary problems and the slow process of developing new bureaucratic organizational structures, most of the funding was not appropriated for almost two years. Due to this delay, $60,000 in interest was lost. Currently, legislation aiming to provide maximum legal protective status for the Beni Biosphere Reserve, the main area designated for protection in the 1987 agreement, is still on the agenda in both houses of the Bolivian legislature, but has not yet passed.

In Costa Rica and Ecuador, the swaps have been slightly more successful, but various problems continue to plague both programs. Ecuador committed itself to converting foreign debt into government bonds allocataed to one local conservation organization, Fundacion Natural, which is the sole benefactor of all the interest on these bonds. The participation of only one in-country organization limits the variety of conservation projects to be implemented and has caused some resentment among similar groups which have been left out. Inflation is also becoming a problem as the real value of the earned interest on the bonds, used to fund land management programs, is dropping. Costa Rica has the same problems with inflation as well as a steadily climbing domestic debt, which increases when external debt is converted into domestic bonds in debt-equity and debt-for-nature swaps.

Economically, the benefits for the detor nation appear slim. Only a small percentage of the nation's foreign debt is actually relieved, the maximum to date being 10 percent. Research shows that debt-for-nature swaps affecting more than 10 percent of a country's foreign debt would induce inflation to rise beyond control, and thus are not an entirely reliable method of alleviating its financial burden. Additionally, most swaps require that the amount of debt bought off by an international conservation organization or relieved by a foreign government be converted into national currency bonds to be sold to the public. While slightly reducing foreign debt, the process only adds to domestic debt.

Another problem that demands to be addressed is the failure to seek the involvement of the indigenous people who for centuries may have lived on the land involved in debt-for-nature swaps. Claiming that the swaps violate their rights to the land and citing the destruction of the Chimane Forest, part of the Beni reserve in Bolivia supposedly protected by the 1987 debt-for-nature swap, the Coordinating Body for the Indigenous Peoples' Organizations of the Amazon Basin (COICA) claims that the only true way to preserve this land is to return specified areas of the forests to the indigenous peoples' protection. Instead of debt-for-nature exchanges, COICA demands "debt for indigenous terriotory swaps".

Debt-for-nature arrangements have not yet proven themselves to be the simple solution they were touted to be, or even a viable response to the problems facing Latin America's environment, debt, and development situations. Simply demanding the preservation of specified land cannot teach the value of the environment or the importance of irrigation and crop rotation. Money spent developing collateral education and social programs will have to be necessary if any exchange arrangements are to bring long-term relief.

OPPOSITION TO TITLE DeFAZIO AMENDMENT

HON. CHARLES PASHAYAN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. PASHAYAN. Mr. Speaker, the House Rules Committee will soon report a rule that allows for the offering of an amendment to the crime bill by our colleague Mr. DeFAZIO. The amendment would strike from the bill a provision barring State-sponsored sports gambling. During committee consideration I received a letter from NFL Commissioner Paul Tagliabue opposing the DeFazio amendment. I concur with the commissioner and commend his views to the attention of my colleagues.

Commissioner Tagliabue's letter follows:

NATIONAL FOOTBALL LEAGUE,
September 13, 1990.

Hon. CHARLES PASHAYAN, Jr.,
House Committee on Rules,
Washington, DC.

DEAR REPRESENTATIVE PASHAYAN: It has come to my attention that Representative DeFazio of Oregon is seeking to have made in order an amendment to the crime bill striking a provision prohibiting the use of interstate commerce or communications to further state sports lotteries. I also understand that an effort may be made to include such language to strike in a self-executing rule.

The provision to question was approved without dissent by the House Judiciary Committee on an amendment by Mr. Bryant. The National Football League strongly supports the Bryant language and vigorously opposes any effort to strike it from the bill.

Professional football and the other major team sports are family entertainment with very broad appeal to young people throughout America. Fan interest is focused on who wins or loses, on strategy and game plans, and on the entertainment value of the action on the field or in the arena—not on point spreads and oddsmaking. We have worked very hard over the years to develop a reputation for honest games and a vigilant program to insulate our players from gambling interests.

Gambling on our games undermines public confidence in the integrity of our sports. It creates pernicious and unwanted pressures on our coaches and players. It invites cynical second-guessing about routine misplays and strategy calls. It substitutes the betting slip or the lottery tickets for the great play as the source of public interest.

State-sponsored sports lotteries inherently involve government in efforts to legitimize and promote sports gambling. Their proliferation would substantially expand the isolated government-authorized sports gambling that presently exists. Their proliferation would also send the wrong message to the young people of America—that the fast buck or the bet is more important than sportsmanship and a great athletic performance. Sports lotteries cannot be lucrative without the active use of government revenues and resources to promote them. The trade-off for relatively minor increases in government revenues would be major damage to the integrity of professional and amateur athletics. This cannot be sound policy.

Lotteries are traditionally subject to federal statutory control. Indeed, the right of states to use interstate commerce or communications in connection with lotteries is conferred in the federal statute which the House Judiciary Committee proposes to amend. The integrity of professional and amateur athletics is a national concern. It requires no stretch at all to say that while lotteries in general are permitted as games of chance, sports lotteries—which are based on the outcome of human competition—are off limits.

Our views are shared by the other professional sports leagues and by the National Collegiate Athletic Association. Our common message is that gambling is bad for sports, and that government should not be in the sports gambling business.

Efforts to strike the Bryant language will encourage the proliferation of sports gambling. I do not believe Congress wishes to send that kind of signal. If you agree, please oppose efforts to strike the Bryant language from the bill.

Your consideration of our views is deeply appreciated.

Sincerely,

PAUL TAGLIABUE,
Commissioner.

PREVENT PROFITEERING FROM THE MIDEAST CRISIS

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. KANJORSKI. Mr. Speaker, Tuesday night President Bush made a strong and impassioned statement that the United States

would not tolerate profiteering from the crisis in the Middle East.

I have written to the President to commend him for his statement, and to encourage him to support legislation I have introduced, H.R. 5551 to impose a windfall profits tax on oil to prevent profiteering.

I would like to share my letter to the President with my colleagues in the House, and invite them to cosponsor H.R. 5551.

CONGRESS OF THE UNITED STATES,
Washington, DC, September 12, 1990.

Hon. GEORGE BUSH,
The White House,
Washington, DC.

DEAR MR. PRESIDENT: I was extremely heartened to hear you tell the Congress firmly and emphatically last night during your address on the crisis in the Middle East:

"And finally, let no one even contemplate profiteering from this crisis. We will not have it."

As you are well aware the American people are deeply concerned that they are being overcharged as a result of this artificially contrived shortage. Since June of this year, the price of a barrel of oil has nearly doubled. As a result of this price increase of $15 per barrel, American consumers will pay roughly $45 billion a year more just for the 3 million barrels of oil we produce each year in the U.S.

The multinational oil companies will recieve this extra $45 billion windfall even though it is not costing them any more to extract this oil from the ground, even though the oil was discovered some time ago, and even though they were already making a profit on it when it sold for only $16 per barrel. This is clearly profiteering.

In order to mitigate this unwarranted and unearned profiteering I have introduced H.R. 5551, legislation to impose a windfall profits tax on oil company excess profits. My bill would raise roughly $15 billion a year in new revenues without imposing an additional burden on average working families. It is also carefully drafted to encourage drilling for new oil as new oil would not be taxed unless its price rose above $34.50 (and even then it would be taxed at a relatively low rate).

My bill also seeks to put these revenues to work resolving another crisis which was created in large part as a result of the last boom and bust in the oil-based economy of the Southwest. It would transfer the new revenues to the Resolution Trust Corporation for savings and loan cleanup costs, thus making further appropriations to the RTC unnecessary.

American consumers are already paying higher prices for oil. It is time we recapture some of the windfall profits from the oil companies and put them to work for the American people.

I would welcome a letter of endorsement from you for this innovative measure to reduce profiteering and save working families the cost of further contributions to the savings and loan cleanup.

Sincerely,

PAUL E. KANJORSKI,
Member of Congress.

HALL OF FAMER BUCK BUCHANAN: A HERO ON AND OFF THE FIELD

HON. ALAN WHEAT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. WHEAT. Mr. Speaker, last month, the sports world conferred one of its highest honors on legendary defensive tackle Buck Buchanan by inducting him into the Pro Football Hall of Fame.

It is indeed a pleasure to join the Hall of Fame in applauding the achievement of fellow Kansas Citian Buck Buchanan—a good friend, a great athlete, and a hero in our community. Through his outstanding accomplishments, both on and off the playing field, he has taught us much about the meaning of success.

August 4 was a proud day not only for Buck Buchanan, but for Kansas City Chiefs coach Hank Stram, who was on hand at the Hall of Fame in Canton, OH, to introduce his former star player. Buck Buchanan, the fifth member of the Chiefs to be so honored, now joins linebacker Willie Lanier and Bobby Bell, quarterback Len Dawson, and owner Lamar Hunt in the ranks of football's greatest.

Buck's career has been marked by a steady stream of firsts and bests. A 1962 graduate of Grambling University, he became the first player drafted into the new American Football League. He was the first pick for the Dallas Texans, a team that would soon move to Kansas City and get a new name—the Chiefs.

By anyone's standards, Junious "Buck" Buchanan has had a remarkable football career characterized by skill, strength, speed, and an ability to motivate his fellow players. A member of the Chiefs' two Super Bowl teams, in Super Bowls I and IV, he also played in six AFL All-Star games and two Pro Bowls and was the Chiefs' Most Valuable Player in 1965 and 1967. Always where the action was, he missed only one of 182 regular season games from 1963 to 1975.

When many professional athletes come to the end of their career in sports, they are viewed as having reached the pinnacle of success. When Buck Buchanan hung up his cleats after a distinguished career on the gridiron, he went on to tackle even bigger challenges in life.

Honored in the Hall of Fame for his legendary ability to stop the progress of opponents on the field, he is today widely recognized for advancing the progress of the citizens of Kansas City.

As head coach of the Special Olympics, Buck helped demonstrate that physical handicaps are no barrier to personal triumph. Appointed to serve as a board of elections commissioner for the State of Missouri, he worked for greater participation by the people in their government.

Buck's long list of civic and business activities have earned him the admiration and respect of a grateful community. By helping to found the Black Chamber of Commerce, he has been a powerful advocate for the development of minority businesses in the Kansas City area. He also served for 3 years on the board of the Greater Kansas City Convention and Visitors' Bureau.

Through his work with the Chiefs' college scholarship program, the local Boy's Club, and through regular speaking engagements to classes of school children, Buck continues to reach out to young people, to teach them to make the most of their talents and abilities.

A national celebrity and a local hero, Buck Buchanan is a champion in every sense of the word.

ENERGY CONSERVATION PROGRAM

HON. BILL SCHUETTE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. SCHUETTE. Mr. Speaker, today I am introducing legislation that will encourage energy conservation among farmers, ranchers, the forest industry, and utilizers of wood for energy. The legislation couldn't be more timely or appropriate. With America facing the effects of the Middle East crisis, American agriculture is in desperate need of a solution to its current energy problems. My legislation will help our farmers, while improving conservation and reducing energy consumption.

Like many other industries, agriculture is energy intensive. Farmers use nearly $5 billion worth of fuels and oils in daily farm operations annually. The delivery of energy inputs; for example, fertilizer, pesticides, fuels, oils, and so forth, at particular stages to achieve optimum crop yields is vital to the farming operation. According to a recent Doane's Agricultural Report, for every $5 per barrel increase in crude oil, farmers pay $900 million in production expenses. Unlike other businesses the increased cost to which farmers are subject can't be passed along to the end user. Thus, farmers are taking the hit: higher fuel prices than the driver pays at the gas pump.

The energy conservation program proposed in my legislation is modeled on a successful one we have in the State of Michigan. Both programs are designed to help farmers and forest producers conserve energy while protecting the soil, ground and surface waters, and other natural resources from unnecessary exposure and/or destruction due to agrichemicals. Consequently, they achieve a double impact for the taxpayer dollar—environmental protection and energy conservation.

Six areas have been targeted to achieve these results. They are: No. 1, demonstrating the advantages of conservation tillage practices; No. 2, training, pest scouting, and soil sampling in order to reduce energy consumption through optimizing the amount of fertilizer, lime, soil conditioners, and pesticide usage; No. 3, improving the efficient use of irrigation systems; No. 4, livestock management; No. 5, managing horticultural facilities; and No. 6, improving efficiency in utilization of wood, including milling of forest products and the use of wood for the production of energy.

Energy technicians play a major role in the program by working directly with farmers and forest product producers to implement energy-saving practices. The Soil Conservation Serv-

ice [SCS] is the key administering agency. The energy program objectives dove-tail with existing conservation practices. However, the emphasis placed on the energy conserving portion will provide the producer with significantly lower energy costs and more fertile soils.

For example, the Michigan Energy Conservation Program [MECP] has resulted in savings of more than $21.9 million in energy and agrichemicals to produces using the prescribed energy-saving practices. If every State could achieve such savings through energy conservation practices, U.S. farmers would experience savings of nearly $1 billion.

The forest industry in Michigan, which both uses and produces energy sources, provides another example of savings from this excellent program. A reduction of 10 percent in the industry's single largest energy consuming activity, drying wood, can save forest producing processors $5.6 million annually. Again, if extrapolated for the entire United States, savings could be in the millions of dollars.

In conclusion, the premise of this legislation is to extend a successful Michigan program, which provides the agriculture industry with needed resources to make energy efficiency improvements in their operations, facilities, and equipment nationwide. Increasing the cost of the product the consumer buys will not help the farmer of forest processor, but giving the producer an incentive to reduce their input costs and improve conservation practices is like money in the bank.

Mr. Speaker, I believe that agriculture, including the forest industry, needs immediate assistance to overcome the latest developments which have once again impaired its ability to operate. My legislation will help the industry overcome the outrageous energy costs it is now required to absorb.

TRIBUTE TO LEONA AND MARCY CHANIN—RECIPIENTS OF THE 1990 STEPHEN S. WISE AWARD

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. LANTOS. Mr. Speaker, I rise today to pay tribute to Leona and Marcy Chanin—an extraordinary couple the American Jewish Congress is honoring with its 1990 Stephen S. Wise Award. The Chanins are being honored for their lifelong commitment to human rights, religious liberty, and social justice, and their dedication to the enhancement of Jewish values, education, and culture.

The Stephen S. Wise Award was established in 1949, in honor of the distinguished rabbi who founded and served for many years as president of the American Jewish Congress. For the last 41 years this award has been presented to a distinguished group of men and women whose qualities of moral courage, love of liberty, and service to humanity have perpetuated the tradition of Dr. Wise and have exemplified the noblest teachings and ideals of the Jewish heritage. Mr. Speaker, Leona and Marcy Chanin are most deserving recipients of this great honor.

Leona Chanin, who is currently senior vice president of the American Jewish Congress, has a distinguished record of leadership and service. She is past treasurer, development chair, cochair of the governing council, and president of the National Women's Division. She was representative to the American section of the World Jewish Congress, chair of the leadership conference of the National Jewish Women's Organizations—the umbrella group for Jewish groups with over 1 million women members—a member-at-large of the New York Jewish Community Relations Council, and a member of the board of the American Jewish Joint Distribution Committee. A graduate of Hunter College and a member of its Hall of Fame, Leona currently serves on the scholarship and welfare board, and the Hunter College Foundation Board.

Marcy Chanin has a similar distinguished record of service. He is a member of the national executive committee of the American Jewish Congress and he has long been a leader in the Jewish community. For his military service during World War II, Marcy received the Bronze Star and the Croix de Guerre. After completing military service, he resumed his business career. He has served on the boards of the Cardozo Law School, Jewish Communal Fund, United Hebrew Geriatric Center, Stephen Wise Free Synagogue, and the Diaspora Museum in Tel Aviv. With his brother Paul, Marcy is spearheading the funding of a genetic engineering building at the Technion in Haifa, and he is leading the effort to establish an innovative and unique Psychiatric Service/Home Care Support program of the Memorial Sloan-Kettering Cancer Center.

Leona and Marcy Chanin recently celebrated their 50th wedding anniversary, and they have three children and six grandchildren. Individually, Leona and Marcy have outstanding records of service that more than qualify them for this award, but together they have also performed a number of exceptional acts of service and philanthropy. Their support has helped Albert Einstein College of Medicine of Yeshiva University, St. Mary's Hospital in Palm Beach, the UJA Federation, and numerous other worthy causes. The Leona and Marcy Chanin Cross-Walk connects two buildings of Hunter College, and a building of the Louise Waterman Wise Youth Hostel in Jerusalem is named for the Chanins. The Leona and Marcy Chanin Comprehensive High School and Sports Center in Kiryat Ono serve as models in Israel.

Mr. Speaker, I invite my colleagues to join me in paying tribute to my dear friends, Leona and Marcy Chanin, as highly deserving recipients of the Stephen S. Wise Award. We honor them for their past service and accomplishments, and we wish them continued success and happiness as they continue their exemplary service.

TRIBUTE TO MARGARET HOLUCZAK

HON. LAWRENCE J. SMITH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. SMITH of Florida. Mr. Speaker, I rise today to memorialize an outstanding individual who was a teacher in the 16th District and who was brutally murdered on September 5, 1990. Mrs. Margaret Holuczak, a popular economics teacher at McArthur High School in Hollywood, FL, was also an educational consultant to The Hunger Project, an organization devoted to ending world hunger through education and fund raising.

Margaret was regarded as an extremely dedicated and inspiring teacher who enjoyed a close rapport with her students and colleagues. Many former students demonstrated their appreciation for her commitment to teaching by nominating her for such honors as the University of Miami's annual recognition of gifted teachers and The Miami Herald's Silver Knight Program. Undoubtedly, those attending McArthur High School will miss her strong influence, brought about by a love for the profession to which she was dedicated.

Margaret was one of the fine people who have dedicated themselves to improving the lives of the less fortunate. Her mission was the Hunger Project, a group with which I have worked closely. When Mrs. Holuczak traveled to San Francisco to attend a national meeting of the Hunger Project, she appeared on a local radio show and spoke eloquently on the work that the organization was doing. She was astonished by the positive reaction of people toward the Hunger Project, and was thrilled by the interest she had generated. It was then that she realized that one person can make a difference.

Margaret Holuczak was only 40 years old. Her husband passed away 2 years ago, leaving her to raise their 13-year-old daughter, Tanya, on her own. Yet she still had time to not only teach and be an excellent mother but to also partake in the causes she held dear. It is no wonder that anyone and everyone who came into contact with Margaret felt privileged. For the students and teachers at McArthur High School, to those hungry the world over, to her beloved family, Margaret Holuczak made a difference. She will be sorely missed.

AN ALTERNATIVE TO SEQUESTRATION

HON. ALFRED A. (AL) McCANDLESS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. McCANDLESS. Mr. Speaker, Congress is waltzing with a 100-billion-pound gorilla. On October 1, the music will stop. Just as sure as a 100-billion-pound gorilla can sit any where it wants to, on October 1, the gorilla will manifest itself as a massive and indiscriminate $100 billion across-the-board cut in Federal

spending. That cut will mean major disruptions in our military efforts in the Persian Gulf, substantial cuts in other important programs like the war on drugs, Head Start, and veterans' health care, and threatens furloughs for thousands of Federal employees, which will mean delays in the delivery of essential Government services for millions of Americans.

Why is this happening? It's because over the past several years, the Democratic majority in Congress has failed to support efforts to control the Federal deficit. It's because year after year, the Democrat-controlled Budget Committee has reported budgets which used tricks and gimmicks to meet the Gramm-Rudman balanced budget law. And it's because the Democrats have the votes in the House of Representatives to enact those budgets. For years, claims of deficit reduction was nothing more than smoke and mirrors.

Today, the smoke has cleared and the mirrors have been lifted. Reality now threatens Congress in the form of sequestration, or across-the-board cuts, necessary to reduce the deficit to meet the Gramm-Rudman target for fiscal year 1991.

While it is important for the American people to know who is responsible for the current crisis, my purpose for taking this time is to point out that it is not too late for Congress to do the job it was elected to do, and to take the action necessary to avoid a $100 billion sequestration.

Because of past budget failures, we face large reductions in the Federal budget on October 1. At this point, there are two alternatives in deciding which programs will be reduced and the amount they will be cut. The first is for Congress to do nothing and allow indiscriminate across-the-board cuts to go into effect. Programs will be cut without regard to their importance. High priority items in the Federal budget will all be cut by the same percentage as programs of a very low priority.

Sequestration does not have to happen. The reason why sequestration was included in the Gramm-Rudman balanced budget law was that the thought of indiscriminate across-the-board cuts is so repugnant that surely Congress would take every step necessary to avoid them. Since being elected to the House of Representatives, I have repeatedly worked and voted for efforts to control Federal spending and reduce the deficit. Unfortunately, the rejection of those efforts by the majority party in Congress has brought us to the verge of a $100 billion sequestration.

The alternative to sequestration is legislation which I have introduced, House Resolution 462. That legislation establishes a procedure under which Congress will be forced to reexamine the Federal budget from top to bottom and to set a priority within the programs and expenditures of the Federal Government.

The process which I propose is not radical. It directs the Budget Committee to provide the standing committees of the House of Representatives with instructions to reconcile spending with available revenues. Each committee will then have to examine the programs under its jurisdiction and report its recommendations back to the Budget Committee. The Budget Committee will then package the recommendations of the various committees in a resolution that will be brought before the House of Representatives in an expedited procedure. The idea is to have Congress—and not some indiscriminate across-the-board formula—decide how the Federal Government should spend the taxpayers' money.

The process of setting priorities within Federal spending is long overdue. I would venture to say that nearly every family in my congressional district sets priorities within the family budget. What kind of family would reduce spending across the board? What kind of family would reduce the children's milk money by the same percentage as the "European vacation fund?" Yet, Congress is on the verge of using this flawed budget process.

It is not too late. If the Democratic leadership will allow the consideration of the legislation I have introduced, we can avoid the chaotic disruption of indiscriminate cuts on October 1. Congress has an option, and I would urge the prompt consideration of House Resolution 462.

HAPPY BIRTHDAY TO COMMODORE JOHN BARRY, FATHER OF THE U.S. NAVY

HON. RAYMOND J. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. McGRATH. Mr. Speaker, I rise today to celebrate the birthday of the father of the U.S. Navy, Commodore John Barry.

Born on this date in 1745, Barry is the holder of the first commission in the U.S. Navy. As a naval officer, Barry commanded the brig *Lexington,* the first ship brought to battle for the Revolutionary War and became a national hero as the *Lexington* became the first ship to capture an enemy warship in actual battle. After the Revolution, Barry was placed in command of the first ships authorized under this new country's Constitution.

The Commonwealth of Massachusetts officially acknowledges every September 13 as Commodore John Barry Day. Irish-Americans throughout the Nation also observe the birth of Commodore Barry and many still consider him a genuine hero. I take great pride in wishing happy birthday to the father of our Navy and ask my colleagues to also join in the celebration.

TRIBUTE TO ZION LUTHERAN CHURCH

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. YATRON. Mr. Speaker, I rise today to pay tribute to the Zion Lutheran and United Church of Christ of West Penn Township, PA. This year, the congregation celebrates the church's 200th anniversary and I would just like to take a moment to point out Zion Church as a symbol of dedication to worship through its many years of service to the community.

The early beginnings of Zion Church goes back to 1768 when its founders applied for 100 acres of land to the Commonwealth of Pennsylvania, and in 1790 construction of the first building began. For the past 200 years, Zion Church has undergone additions and renovations to accommodate the growth of its congregation allowing it to offer more space for fellowship and worship, as well as to provide better educational facilities for its younger members. As the church moves into the next century, I anticipate it will continue to offer guidance and inspiration to those of West Penn Township.

I believe my colleagues will agree that Zion Lutheran and United Church of Christ deserves our commendation on the floor of the House as it celebrates 200 years of extraordinary service. Also, I would also like to extend my warmest wishes to each and every congregation member who has helped Zion Church fulfill its mission.

WAKE-UP CALL FOR JAPAN

HON. BYRON L. DORGAN

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. DORGAN of North Dakota. Mr. Speaker, there is a toll-free number that our friends and allies call whenever they run into trouble: 800–USA–FREE. Yes, anytime they face a threat to their economic opportunity or political security they call Uncle Sam on our nickel.

Japan, more than any other nation, has rung up the biggest tab on this toll-free line.

DESERT SHIELD AS A SCREEN

In the Middle East, the Japanese are using Operation Desert Shield not as an opportunity to share the burden of mutual defense but as a screen to hide behind. Even though it imports 70 percent of its oil from vulnerable sources in the Middle East—and almost twice as much as the United States, Japan is not willing to contribute a commensurate share to the cost of the operation. This operation is going to cost the United States taxpayers some $17 billion during the next several months, but Japan has promised only to offer only $1 to 2 billion altogether to mitigate the impact on friendly nations.

In other words, Japan reaps most of the benefits while the United States foots most of the bill.

It works the same way in Japan. The United States stations 50,000 troops and provides the protection for Japanese sealanes and airlines and guess who picks up most of the tab. Yes, the United States pays over 60 percent of these mutual defense costs. Japan, by contrast pays only about $3 billion for a $7.5 billion bill. It's a great deal for Japan. They ship us stereos, sedans, and software, while we provide safe passage. And while they open their arms to our sailors and soldiers, they close their markets to our telephones and TV's. That's why we have a $45 billion trade deficit with Japan.

It's time to blow the whistle on this nonsense.

It's time to expect the second wealthiest nation in the world to pull its weight on mutual defense. It's time to insist that a partnership should require both participants to make proportional contributions and to draw proportional benefits.

I pursued this goal with an amendment to last year's defense bill. It called for the President to negotiate an agreement in which Japan would cover two-thirds of the host nation costs instead of the one-third they were paying. The amendment cleared the House and Senate without a whimper, but the President noted his objection only to this specific provision and few others when signing the bill.

Since then, Secretary Cheney has taken a more assertive tack in pushing the Japanese to do more. However, the Pentagon just reported to me that we are still hoping for Japan to split the costs within the next 2 years. It's time for us to stop hoping and for Japan to start helping.

Now I understand that Japan's constitution limits its ability to commit its self-defense forces overseas. Many Asian nations would fear such involvement. But that does not prevent Japan from paying its fair share: A bigger chunk of Desert Shield and a large share of host nation support.

A FAIR SHARE FOR JAPAN

The Bonior amendment calls for Japan to fully absorb the $7.5 billion cost for United States forces in Japan. Failing such a contribution, the United States would begin withdrawing troops at the rate of 5,000 a year.

This amendment makes good sense. It sends Japan and the Bush administration a wake-up call that the days of cheap security are over. It does not require Japan to extend its military reach but it does require Japan to expend more on its own defense. It would not trigger a reckless reduction in U.S. forces, but it would mandate a reasonable drawdown of American troops.

The Bonior amendment is fair, but tough. It requires Japan to do no more than its constitution allows, but no less than its economy can shoulder. It takes the Dorgan amendment a step further by requiring United States troop withdrawals if Japan does not start acting like a responsible partner.

It also calls on Japan to fully pay for the full cost of United States troops in Japan. But since the Senate had no comparable provision, we need tough language to ensure that a meaningful burden sharing provision emerges from the conference.

The Bonior amendment does not deny that the United States has an interest in the security of Japan and the Pacific. However, it does argue that the burden of mutual defense should be shared according to the ability of each partner to pay and to participate. Under Bonior, the United States would still provide ships, planes, troops, and equipment. The difference would be that Japan would absorb all financial responsibility for these costs—not just one-third of them.

This is tough medicine. But the administration muffed its chance to finalize a new arrangement with Japan under the less stringent provisions of last year's Dorgan amendment. I ask my colleagues to note, however, that the amendment also permits the President to waive the Bonior amendment in an emergency.

Times have changed, Mr. Chairman. Twenty years ago, Japan's GNP was one-third of ours. Now it amounts to more than one-half of our national output. The burden of defense must shift with these changes in wealth. Both partners should expect to make such an adjustment.

If we don't pass the Bonior amendment, Japan will continue to believe that the United States should pay more than its fair share of mutual defense. If we do pass the Bonior amendment, we will put the word mutual back into the United States-Japan Mutual Defense Pact.

I urge my colleagues to take out the toll-free defense line to Japan. Japan can afford to pay for its own call. It must pay its own share of mutual defense costs. If we can risk the lives of our sailors, airmen, and soldiers, then surely Japan can invest three-tenths of 1 percent of its GNP on mutual defense.

The Bonior amendment makes good sense. It deserves our unanimous support.

HARRISON, NJ, CELEBRATES ITS 150TH ANNIVERSARY

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. GUARINI. Mr. Speaker, in the 14th District which I have the privilege to represent, there is the town of Harrison that was created by an act of the New Jersey State Legislature on February 22, 1840. The community is named after President William H. Harrison, and was originally settled in 1868.

This year, a series of activities is taking place commemorating the area which was once inhabited by the Unami Indians, a branch of the Leni Lenapi Tribe.

The area is part of a land grant given to Maj. William Sandford of the Barbados Islands. In 1710, the land was bought by Capt. Arent Schuyler, and legend has it that one of the slaves of Captain Schuyler found a green rock that was sent to England for testing and was found to contain 80 percent copper. With the beginning of copper mines, many settlers came to process the minerals.

During the American Revolution there were a number of skirmishes between British and American troops in the area that today is known as the Meadows, which was inhabited by pirates. In 1787, as raids became more frequent and daring, the governments of New Jersey and New York decided to eliminate the pirates.

In 1840, the town of Harrison was formed in the back room of the Lodi Hotel, and what is presently Harrison was part of the Township of Lodi, NJ. Residents joined with Secaucus, Bayonne, Jersey City, Hoboken, Weehawken, and Union City to petition for the creation of a new county. It was on February 22, 1840, that part of Bergen County was legislated into what is now Hudson County.

The first meetings of the new county of Hudson were conducted in the town of Harrison, and it quickly became a beehive of industry because of its abundant natural resources. Harrison was located by major rail facilities, across the river from Newark and within a very short distance from Jersey City, and the Hudson River going into New York. Some of the industries located in this small community included the Thomas A. Edison lamp works, Worthington Pump Machinery, the RCA Co., the Crucible Steel Co., and Otis Elevator. Since then, while some industries have moved out, others have moved in, including the Hartz Mountain Industries, Harrison Baking Co., and a large repair facility for the PATH railroad operation, which is part of the New York-New Jersey rail system.

The town of Harrison has unsurpassed access today to large seaports, railroad terminals and super highways. It is about 10 minutes to the Newark International Airport and about 15 minutes to New York City.

Mayor Frank E. Rodgers is the mayor of the town and has the distinction of being the longest serving mayor in the United States with more than 50 years of dedicated service to its citizens.

Mayor Rodgers, who first took office on January 1, 1947, along with various dedicated council members throughout the years, has developed a town government that has become a model for the rest of the country. The current members of the Harrison town council are: O. John Di Salvo, Angelo A. Cifelli, Raymond J. McDonough, Arthur P. Musialowicz, Margaret M. McGuigan, Frederick G. Confessore, Peter B. Higgins III, and Alberto D. Cifelli. Josephine M. Catrambone serves as the town clerk and Marion P. Borek as deputy town clerk.

Mayor Frank E. Rodgers and the council members are to be commended for their excellent social service delivery system for the citizens of Harrison, especially for older Americans.

At the present time, there is a drive to develop a fund for building two new wings to the public library. Also, to establish a museum for the display of memorabilia, art, and many other exhibits which are of general interest to historians, and to the public.

On September 22, 1990, the town of Harrison will celebrate its 150th anniversary with a dinner dance to be held at Harrison High School. The chairman of the 150th anniversary committee is Anthony Comprelli.

I am certain that my distinguished colleagues in the House of Representatives wish to join me in saluting Harrision, this small but vibrant community which has done its part for America both in war and peace.

IN HONOR OF "MR. RED CROSS" FROM MIDDLETOWN, OH

HON. DONALD E. "BUZ" LUKENS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. DONALD E. "BUZ" LUKENS. Mr. Speaker, I would like to take a moment to honor "Mr. Red Cross," Marvin R. Holliday of the Middletown, OH, Chapter of the American Red Cross. Marvin has performed 38 years of volunteer service.

Marvin has become known as Mr. Red Cross for his devoted service as a Red Cross volunteer. His service began February 16, 1952, and has included nearly 19,000 hours of voluntary assistance for the citizens of Middletown and the surrounding communities. He has been first-aid co-chairman for 7 years; first-aid chairman for 16 years; chairman of volunteers for 8 years; honorary board member for 9 years; and chairman of chapter house maintenance for 9 years.

In appreciation for his enormous service, Marvin has received the following awards: Red Cross Certificate of Merit for saving the life of a choking infant; Bill Hart Memorial Award—presented yearly to an outstanding volunteer; and honoree for outstanding and devoted service and leadership for over 500 volunteers serving the Middletown area chapter. In addition, Marvin saved the life of a drowning victim in 1938.

More Marvin Holliday's are needed in America today to shine as points of light and prove that community service is of utmost importance—just ask the individuals whose lives were saved by Marvin and volunteers like him. Because of Marvin Holliday's rare and distinguished record of volunteer service, I am submitting his name for consideration in the President's Thousand Points of Light program. Your one of a kind Marvin. May your service serve as a model to all of America.

NATIONAL NURSING HOME RESIDENTS' RIGHTS WEEK

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. ROYBAL. Mr. Speaker, yesterday, I introduced with my colleagues, the Honorable MATTHEW J. RINALDO, ranking minority member of the Select Committee on Aging; the Honorable RALPH REGULA, ranking minority member of the Subcommittee on Health and Long-Term Care; the Honorable MARILYN LLOYD and the Honorable JIM COURTER, the chairman and the ranking minority member of the Subcommittee on Housing and Consumer Interests; the Honorable THOMAS J. DOWNEY, and the Honorable OLYMPIA J. SNOWE, the chairman and the ranking minority member of the Subcommittee on Human Services; and the Honorable MARY ROSE OAKAR, the chairman of the Task Force on Social Security and Women, a joint resolution designating October 1–7, 1990 as National Nursing Home Residents' Rights Week. I am pleased to say that the distinguished Senator from Arkansas, DAVID PRYOR, will be introducing an identical measure in the other body. I would like to encourage my House colleagues to join in support of this important legislation.

October 1, 1990, marks the day that the nursing home amendments to the Omnibus Budget Reconciliation Act of 1987 [ORBA 87], which grants statutory rights and protections for nursing home residents, will be implemented. This new law directs nursing homes to care for their residents in a way that promotes the maintenance or enhancement of the quality of life of each resident and ensures that residents receive services and activities to attain or maintain the highest possible level of physical, mental and social well-being.

National Nursing Home Residents' Rights Week will be a time to celebrate the new nursing home reforms mandated by Congress and recognize the acts of courage, dignity, and self-determination by residents organized to speak on their own behalf. It will also be a time to commend the long-term care ombudsman program and citizen advocacy groups which have worked to protect and promote the rights of residents, the State and Federal surveyors who have worked so diligently to protect the health, safety, welfare, and rights of residents, and those caregivers, both family of nursing home residents, and staff of nursing homes, who have given their heart and soul to the welfare of residents.

It is essential that we recognize the need to preserve and protect their basic rights. Nursing home residents have given this Nation the gifts of their talents and wisdom throughout their lives and continue to do so in their new places of residence. Along with their advocates across the country, they have worked hard to achieve enactment of this new nursing home law and accomplish its implementation. They deserve the continued support of their community, neighbors, families, friends, and those working tirelessly to serve them in the nursing home.

Over 1.8 million of our fellow citizens live in nursing homes today, a number which will grow to 2.2 million before the end of this century. The experts also estimate that 2 in 5 of us will live in a nursing home at some time in our lives; 7 out of 10 married couples will experience having one spouse go into a nursing home. Therefore, for today's nursing home residents and for the future's, it is incumbent upon us to remember them and the resources they have to offer us all. Their wisdom, their courage in the face of difficult circumstances, their commitment to the quality of life of this generation and the next, are a testament to the magnificence of the human spirit. Today we honor them with this resolution. With this thought in mind, I am submitting for the RECORD at this time a copy of the resolution in its entirety.

FIESTAS PATRIAS

HON. PETER J. VISCLOSKY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. VISCLOSKY. Mr. Speaker, I wanted to take this opportunity to remind my House colleagues that September 16, 1990, marks the 180th anniversary of Mexico's independence from Spain. Throughout the United States there will be special events to commemorate this important occasion. I am proud to note that in Northwest Indiana, both the Sociedad Mutualista Mexicana [Mutualista] and the Union Benefica Mexicana [UBM] will be sponsoring several events to celebrate this Fiestas Patrias—Mexican Independence.

Both of these organizations have dedicated themselves to preserve the rich Mexican culture and improve the quality of life for the Hispanic community and all residents in Northwest.

Founded in 1933, and headquartered in Gary, IN, the Sociedad Mutualista Mexico is the oldest Hispanic organization in Indiana. Every year, this group selects a royal court for the Fiestas Patrias festivities. Last month, Maria Anaya was selected as Queen, Diana Medellin as Princess, and Lucy Luna as Duchess.

The Sociedad Mutualista, Mexico's 57th Annual Fiestas Patrias will take place on Saturday, September 15, 1990, at St. Sava Hall in Hobart, IN. I congratulate Mutualista president John Gutierrez and the Mutualista membership on 57 years of service to the Hispanic community.

Since its formation, in 1956 by the combining of three existing organizations—Benito Juarez, Union de Trabajadores and Cuahtemoc—the UBM has also committed itself to the enrichment of culture and quality of life for Mexican-Americans and Northwests Indiana's community.

The UBM Hall, located in East Chicago, IN, will serve as the site for three events—Coronation of the Queen, La Noche Azteca, and the annual Mexican Independence Day Parade. On Friday, September 14, 1990 Sylvia Lopez, will begin her reign as Queen of the Fiestas Patrias for the UBM festivities. Sandra Rosillo will serve as Princess and the Duchess will be Gabriella Gudino.

The UBM will host La Noche Azteca and EL Grito on Saturday, September 15, 1990. Aztec Night will serve to remind Mexican-Americans of their Aztec roots and Father Hildago's "Cry for Independence," which marked the beginning of the Mexican Revolution. The culmination of the UBM festivities will be on Sunday, September 16, 1990, with a parade through East Chicago.

Under the direction of UBM President Antonio Barreda, the UBM parade has gained recognition as one of the largest parades in Northwest Indiana. I will be pleased to join the Hon. Evan Bayh, governor of Indiana, and the mayors of East Chicago, Hammond, Whiting and Gary as we participate in the parade.

In conclusion, I would like to commend the Union Benefica Mexicana, Sociedad Mutualista Mexico, and the entire Hispanic community in Northwest Indiana for their past efforts and wish them continued success in this year's events and future plans. Viva Mexico.

H.R. 5267

HON. JOE BARTON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. BARTON of Texas. Mr. Speaker, Monday, September 10, the House passed H.R. 5267 under suspension of the rules. Contained in that bill was a special rule allowing home shopping stations to qualify for must carry provisions by cable operators. I do not see the need to make special exceptions for home shopping channels. If they do not meet the requirements that apply to other broadcast stations, there is no sufficient public policy jus-

tification for a special benefit for televised home shopping.

This rule is particularly troublesome because it benefits only one televised merchandising company, the Home Shopping Network. Other cable shopping channel services exist, but have not as yet taken Home Shopping Network's approach of buying UHF television stations.

If this becomes law, Congress will have created an incentive for those other televised merchandising companies to follow Home Shopping Network's acquisition policy of buying local TV stations and converting them to outlets for satellite delivered national over the air merchandising.

The Energy and Commerce Committee, and particularly leaders on both sides of the aisle, worked long and hard to resolve difficult issues associated with this legislation. I commend them for their efforts.

However, special relief for the Home Shopping Network is one problem that remains. I hope that before this legislation is on the President's desk, this aspect is satisfactorily resolved. As it stands now, it creates bad public policy and unfair competitive advantages.

TRIBUTE TO OLGA ECOBAR NOGUERA AND REV. MOSES MERCEDES

HON. RONALD K. MACHTLEY

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. MACHTLEY. Mr. Speaker, I rise today to recognize Olga Ecobar Noguera and Rev. Moses Mercedes of Rhode Island. Both have been chosen as this year's recipients of the Outstanding Citizen Award from the International Institute of Rhode Island. The award is given out each year to those who have been recognized for their tireless involvement in Rhode Island's minority and refugee communities.

Ms. Noguera has been extremely active in her service to the Hispanic community. For years she has constantly put her bilingual abilities to use for the benefit of all. She has put her talents toward service to the following organizations: the Sojourn House, the International Institute, the Hispanic Social Services Association, the United Way, and on the State Advisory Committee for the U.S. Civil Rights Commission. Presently, Ms. Noguera acts as a liaison with various community groups concerned with the needs of the Hispanic community and their relationship with the Department of Human Services.

Rev. Moses Mercedes has also been extremely active in his service to their Hispanic community. For over 13 years, the reverend has served as pastor at the 4th Star of Jacob Church in Providence, also serving as a spiritual counselor and preacher. He has been very active in such organizations as the Hispanic Social Services Association, the Grand Avenue Project, and the Aids Task Force. Reverend Mercedes has also written a number of articles which have appeared in La Prensa Nueva and the Providence Journal.

It is with great pleasure that I salute the achievements of both Olga Ecobar Noguera and Rev. Moses Mercedes. I wish them both continued success in the future.

TRADEMARK PROTECTION/ WORLD UNIVERSITY GAMES

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Mr. LAFALCE. Mr. Speaker, today I am introducing legislation with Representatives HENRY J. NOWAK, FRANK HORTON, AMO HOUGTON, BILL PAXON, and LOUISE M. SLAUGHTER to facilitate the promotion of the summer 1993 World University Games. The International University Sports Federation has designated the United States to host their games which are a major world amateur athletic competition.

The legislation tracks the precedent enacted for the U.S. Olympic Committee in the Amateur Sports Act of 1978. It expedites the granting of trademark protection for symbols and logos of the International University Sports Federation in connection with the World University Games exactly as was done for the symbols and logos of the International Olympic Committee. By granting this trademark protection immediately, it will enable the Greater Buffalo Athletic Corp., a not-for-profit corporation organizing and sponsoring the games, to proceed expeditiously with its promotion. Time is of the essence if preparations for the 1993 games are to be successful and this legislation will simply avoid the cumbersome procedures to accomplish trademark protection under the regular procedures for individual marks.

The legislation describes the trademarks and logos to be protected and allows for their licensing to contributors and suppliers in exactly the same way as the Olympics legislation of 1978.

The principal difference from the 1978 legislation is the provision for a sunset termination of protection for periods after 1994. The Olympics protection is ongoing because of the continuing need for protection.

Quick enactment of this legislation will enable amateur athletes to take advantage of this great opportunity to bring reknown and prestige to the United States.

CANDY AND EDDIE DeBARTOLO, RECEIVE CYO AWARD

HON. NANCY PELOSI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Ms. PELOSI. Mr. Speaker, I rise today to pay tribute to two people who are very important to the civic life of San Francisco—Candy and Eddie DeBartolo. There is a powerful constant in the lives and work of Candy and Eddie DeBartolo: a special feeling for family. Their commitment to family values resides at the core of Candy and Eddie's activities. It extends to the business and sports world and to those less fortunate.

In an age when the family's influence and importance is often underplayed and undervalued, the DeBartolo family affair is a refreshing reminder of the importance of family values.

To the San Francisco Bay Area family, the DeBartolos are best known for the San Francisco 49'ers, an athletic team that has brought the gift of joy and pride to our community. Less well-known are the extensive gifts of charitable support that have strengthened the fiber of nonprofit organizations serving those in need. When our community has needed help, be it recovering from an earthquake or to send a child to CYO camp, the DeBartolos have been there extending a helping hand with their time and magnanimous charitable gifts.

The DeBartolo championship tradition is a tribute to their family and the American spirit of enterprise and generosity. This family affair extends from the home to the corporate boardroom, to the playing field, and to communities around the country. Tonight, the Catholic Youth Organization will recognize the help the DeBartolos have extended to children and youth served by the CYO. It is because of the DeBartolos, and others like them, that these children have a chance to become champions in their own right. I am proud to salute Candy and Eddie DeBartolo as they receive the Catholic Youth Organization Service to Youth Award.

PEPSI PLAYPARK

HON. ILEANA ROS-LEHTINEN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1990

Ms. ROS-LEHTINEN. Mr. Speaker, in a time where many dangers exist on the streets for our children, one company has taken the initiative to create a haven where the children can play and have fun in safety.

The Pepsi-Cola Co. has promised to upgrade two south Florida parks to provide fun environments that will bring together children of all ages and backgrounds. Pepsi Playparks have already been proven successful in other cities across the United States. The uniqueness of the Pepsi Playparks is that children will have a chance to draw their own dream playground in Pepsi's "Design a Playpark Contest." The winning designs will be incorporated into the overall park architecture.

Pepsi's Playpark contest has had high visibility and generated much interest, especially among Miami's children. A chance to help design the two parks, that will cost about $50,000, cannot be passed up by the eager young architects who are busy designing their dream playparks.

On Wednesday, September 19, Pepsi will

hold a press conference in Miami at the Radisson Mart Plaza Hotel to announce the locations of the two new parks, which will be built over the next few months.

I would like to commend Mr. José Marrero, Mr. Mario Gutierrez, and the executives of Pepsi-Cola for their hard work and dedication to the children. I would also like to thank Mr. Cesar Odio of the city of Miami for his cooperation with the Pepsi-Cola Co.

Mr. Speaker, I am glad to see that corporate America is taking interest in the safety, education, and welfare of our youth. The Pepsi-Cola Co.'s Pepsi Playpark is a model for others to emulate.