SENATE—*Tuesday, February 25, 1992*

(Legislative day of Thursday, January 30, 1992)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. BYRD].

The PRESIDENT pro tempore. The prayer will be led by the Reverend Dr. Richard C. Halverson, the Senate Chaplain. Dr. Halverson.

PRAYER

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

Let us pray:

* * * *when they knew God, they glorified him not as God, neither were thankful; but became vain in their imaginations, and their foolish heart was darkened. Professing themselves to be wise, they became fools* * * *.—Romans 1:21,22.

Eternal God, perfect in justice, righteousness, love, and mercy, help us to comprehend the terrible cost of indifference to God in our culture. Open our minds to understand that without a spiritual/moral base—without a reference to transcendent reality—the human race, like water, seeks its lowest level; that diversity is replaced by fragmentation and anarchy; that the law of the jungle prevails: Take care of No. 1, no matter what happens to others. Get all you can while the getting is good. Kill or be killed.

We were reminded recently by words from four Presidents—George Washington, Abraham Lincoln, Woodrow Wilson, Franklin Delano Roosevelt—that spiritual awakening is essential to national renewal. As our leaders struggle with local, national, and global crises in these unpredictable days, awaken them to this basic need.

We pray in the name of Jesus who is the Way, the Truth, and the Life. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. Under the standing order, the majority leader is recognized.

ORDER OF PROCEDURE

Mr. MITCHELL. Mr. President, am I correct in my understanding that the Journal has been approved and the time for the two leaders reserved?

The PRESIDENT pro tempore. That is correct.

SCHEDULE

Mr. MITCHELL. Mr. President, this morning there will be a period for morning business extending until 10:30 a.m., during which a number of Senators will be recognized to address the Senate for specified time limits. Once the period for morning business closes at 10:30 this morning, the Senate will proceed to the consideration of the conference report accompanying H.R. 2212, the China most-favored-nation bill. Immediately upon disposition of that conference report, there will be 1 hour for debate on the motion to invoke cloture on the motion to proceed to S. 479, the National Cooperatives Research Act extension with a vote to occur on the cloture motion when the time is used or yielded back.

It is my hope that should cloture be invoked on the motion to proceed to S. 479, that the Senate will shortly thereafter be in a position to proceed to consideration of that measure.

UNANIMOUS-CONSENT AGREEMENT—H.R. 2212

Mr. MITCHELL. Mr. President, I ask unanimous consent that the time today from 10:30 a.m. until 12:30 p.m. for debate on the conference report on H.R. 2212, the most favored nation for China legislation, be equally divided between myself and the Republican leader or our designees; that the time from 2:30 p.m. until 4 p.m. be controlled under the same conditions; and that during that time, from 2:30 p.m. until 4 p.m., the Senate meet in closed session in the old Senate Chamber; that the Senate resume open session in this Chamber at 4:10 p.m. and that the time between then and 4:45 p.m. be under the control of the two leaders; and that the vote on the adoption of the conference report occur without any intervening action or debate at 4:45 p.m. today.

The PRESIDENT pro tempore. Is there objection? The Chair hears no objection. That will be the order.

ORDER OF PROCEDURE

Mr. MITCHELL. Mr. President, accordingly, Senators should be aware that debate on the China most-favored-nation conference report will begin in this Chamber at 10:30 and continue in this Chamber until 12:30. We will then recess for the party conferences until 2:30. At 2:30, the Senate will reconvene in a closed session in the old Senate Chamber. That will continue from 2:30 until 4 p.m. At 4:10 p.m., the Senate will return to open session in this Chamber for a concluding 35 minutes of debate and a vote will occur at 4:45 p.m. As soon as that vote is completed, we will then proceed to 1 hour of debate on a motion to invoke cloture on the motion to proceed to S. 479 and that vote will occur after that 1 hour of debate is used or yielded back.

So there will be two record votes today, one on the China most-favored-nation conference report and one on the motion to invoke cloture on the motion to proceed to the National Cooperatives Research Act extension.

Mr. President, I thank my colleagues. I thank the Chair, and I yield the floor.

MORNING BUSINESS

The PRESIDENT pro tempore. There will now be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m., with Senators permitted to speak therein. Under the order, Mr. SASSER is recognized to speak up to 15 minutes.

Mr. METZENBAUM. Mr. President, I ask my colleague if he will be willing to yield, not imposing on his time, 5 minutes.

Mr. SASSER. Mr. President, I will be pleased to yield 5 minutes.

The PRESIDENT pro tempore. The Senator from Ohio [Mr. METZENBAUM] is recognized for 5 minutes.

THE NATIONAL ENDOWMENT FOR THE ARTS

Mr. METZENBAUM. Mr. President, I rise to express my concern and dismay about the latest round of attacks on the National Endowment for the Arts.

As my colleagues know, John Frohnmayer, the Endowment Chairman, was given the political boot the other day, offering the far rightwing a new forum to describe in excruciating detail the moral decline of Western civilization. You can bet that the level of debate on the confirmation of the next Endowment nominee will rise no higher than that which we have witnessed here on the floor so often recently. You can also bet that there will be shocking and embarrassing photos passed around freely, and that the Senate will be mired in sensationalism and we will all be the object of ridicule.

I regret that this will come to pass, Mr. President, as much as I regret Mr. Frohnmayer's political execution. John Frohnmayer is a decent and caring man, who has demonstrated a genuine love of the arts, as well as a thoughtful approach to the job he faced.

I certainly did not agree with every decision he made, but I respected his

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

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fairness and his independence. He was in nobody's pocket—he had detractors on his left and his right—which probably meant he was the best person for the job.

Make no mistake, however, Mr. President, it was the forces on the right that brought Mr. Frohnmayer down. Nothing short of a commitment to censorship will satisfy some in this debate.

For almost 3 years now, the Endowment has struggled to survive while embroiled in constant turmoil. The remnants of the moral majority have successfully targeted a few minor grants and have thrust them into the spotlight, drawing worldwide attention to objects and acts which they purport to abhor.

If not for these crusaders against the NEA, those works—which we all agree were distasteful—would have faded into avant-garde obscurity. Instead, they have received reviews that are a press agent's dream.

It is clear from the events of last week that these cynical efforts to politicize the arts and close down the endowment are intensifying.

And it would be a cultural tragedy, Mr. President, if we were to allow a few outrageous awards to be the weapon which delivers a death blow to the agency which supports thousands of artists and projects which benefit our society. Of course mistakes may have been made. Of course it is arguable as to whether some of these grants deserve public funding.

But a couple dozen bad decisions should not negate the good works supported by the 80,000 or 90,000 grants that have been funded by the NEA.

Mr. President, it is time to let it get back to the important work it does so well. Let the NEA do the job that the American people are proud of. Let the NEA encourage and support artists, promoting excellence, and making the arts accessible to an ever wider audience. It is time to resist those who would shrink our cultural horizons through censorship and a return to the tactics of the McCarthy era. As John Frohnmayer said in his farewell statement, it is time to work for "the growth and enrichment of our society—for quality art, for less hate and for a generosity of spirit that allows us to live with our differences in real community."

I hope that in nominating a successor to Mr. Frohnmayer, President Bush will look past the partisan politics of this issue, and consider the ways in which the arts can bring us together, and not the ways in which they can be used to divide us. I will be watching carefully for his decision.

Let me add one additional and final word, Mr. President. On the Sunday programs I was listening to three of the most respected commentators in this country, three for whom I have the highest regard, and I must say that it was with a keen sense of disappointment I heard each of them say maybe it was time to terminate the funding for the National Endowment for the Arts. This Senator disagrees. I support continued funding. I support the National Endowment for the Arts.

In conclusion, Mr. President, I express to my colleague from Tennessee my appreciation for his being so gracious.

Mr. SASSER. I thank the Senator from Ohio.

The PRESIDENT pro tempore. The Senator from Tennessee [Mr. SASSER] is recognized for 15 minutes.

Mr. SASSER. I thank the Chair.

(The remarks of Mr. SASSER pertaining to the introduction of S. 2250 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. MACK addressed the Chair.

The PRESIDENT pro tempore. The Senator from Florida [Mr. MACK].

EXTENSION OF MORNING BUSINESS

Mr. MACK. Mr. President, due to the hour, I ask unanimous consent that morning business be extended, and that I may address the Senate as in morning business for a period not to exceed 5 minutes.

The PRESIDENT pro tempore. Is there objection?

Hearing no objection, the Senator is recognized for 5 minutes as in morning business. Morning business is extended for 5 minutes.

ASKING FOR RESIGNATION OF SECRETARY BRADY

Mr. MACK. Mr. President, during this past weekend, I was in the State of Florida holding some hearings with respect to the economy, real estate, and the credit crunch. Those hearings were held in an environment where the unemployment rate has risen to 8.7 percent. I have been told that 25 percent of all of the construction workers who are unemployed in our country reside in the State of Florida. Banks are not providing adequate levels of credit. In fact, the statistics that I have looked at indicate that, from September 1990 to September 1991, there has been almost a 20-percent decline in commercial and industrial loans.

People are losing their businesses; people are losing their jobs; people are hurting. And for the first time in my 10 years in both the House and in the Senate, I have heard people say that they are considering suicide.

Here are some of the comments that were made at the hearing: Everette Huskey of Huskey Realty said that "the country is destroying entrepreneurship." Brant Donaldson of Burkett's Auto Parts in Fort Myers said, "Banks have abandoned their roles as anchors of their community in a singular search for profits." Bronson Thayer of First Florida Bank and President of Florida Bankers' Association said, "There is no leeway. Banks have lost much of their flexibility to work with troubled lenders."

Robert Suarez of Suarez Housing Corporation, said, "The credit crunch is still doing well and fine. It is still with us."

The President's chief Cabinet member responsible for economic policy is the Secretary of the Treasury. It is clear to me that the President has received bad advice from the Secretary. The economic team has failed.

I might add, Mr. President, it was only about a year ago that we were being told not to worry, the economy is recovering; everything will be just fine. And now we are hearing those same false assurances again. Well, the message from my State is loud and clear: The recovery is not happening; it is getting worse, and it is time for a change.

So, Mr. President, I have written a letter to the President of the United States today, and I have asked him to request the resignation of Secretary Brady. I would like to read the letter that I have sent to the President.

DEAR MR. PRESIDENT: The message of the New Hampshire primary one week ago was clear. Americans are hurting. They want fundamental change and they want it now.

I was in Florida this past weekend and the message is the same. My constituents are in pain. They are looking to Washington for swift action to get our economy moving again.

Your proposals to reduce the capital gains tax rate, modify passive loss rules and bolster real estate values are all steps in the right direction. But more is needed. And that is to install new leadership in your Administration's principal economic policy post—the Secretary of the Treasury.

You have been given bad advice on the economy. It's worse than you have been told. That fault rests on the shoulders of your economic advisors and the head of that team is Secretary Brady. Mr. President, the time has come to ask for Secretary Brady's resignation.

This personnel change would be the clearest way for you to demonstrate that you have heard the message of the American people. I'm convinced that new leadership at the Treasury would be good for the country, good for my state and good for your presidency.

Sincerely,

CONNIE MACK.

I yield the floor.

IRRESPONSIBLE CONGRESS? HERE IS TODAY'S BOXSCORE

Mr. HELMS. Mr. President, the Federal debt run up by Congress stood at $3,823,909,309,474.57, as of the close of business on Friday, February 21, 1992.

As anybody familiar with the U.S. Constitution knows, no President can spend a dime that has not first been

authorized and appropriated by the Congress of the United States.

During the past fiscal year, it cost the American taxpayers $286,022,000,000 just to pay the interest on spending approved by Congress—over and above what the Federal Government collected in taxes and other income. Averaged out, this amounts to $5.5 billion every week.

What would America be like today if there had been a Congress that had the courage and the integrity to operate on a balanced budget?

RESULTS OF JUDICIARY COMMITTEE HEARINGS IN PENNSYLVANIA ON UNFAIR TRADE PRACTICES

Mr. SPECTER. Mr. President, I seek recognition today for the purpose of reporting back to my Senate colleagues the results of the Judiciary committee field hearings I recently conducted in my State during January of this year. It is important that my colleagues be so informed because the effects of unfair trade practices, next to the state of our economy, is a principle concern of my constituents and, I suspect, most Americans. In fact, in the numerous town meetings and open houses that I conducted during the November 25–January 20 recess, the recurrent concern expressed by my constituents was unfair foreign trade practices and their adverse effect on jobs in Pennsylvania.

Last month I conducted four field hearings across the State of Pennsylvania, in Philadelphia, Pittsburgh, Harrisburg, and Allentown, on the general subject of unfair foreign trade practices and their effect on jobs, and the particular subject of my bill, S. 986, which would provide a private right of action for customs fraud violations. The participants included business and labor leaders representing every major industry group in the State. They were asked to prepare testimony on how their businesses have been affected by unfair foreign trade practices and to suggest strategies for redressing these problems.

As a result of these hearings, I am further convinced that my private right to action legislation, which I will be expanding today, is very much needed. I believe we need to act now to provide a deterrent to persistent unfair trade practices that are threatening the loss of U.S. jobs.

I want to make clear from the outset that the purpose of these hearings was not to bash our trading partners about protectionist trade policies that treat American exports unfairly. I do not believe this is in our Nation's best interest. To the contrary, it was my intention to use these hearings to focus on initiatives designed to promote fair trade and its most basic tenet—the concept of reciprocity. As a basic observation, however, I would like to note almost every one of the witnesses was able to reference specific foreign trade practices which adversely impacted their business activities.

The direct consequence of unfair foreign trade practices is loss of U.S. jobs and an increase in the trade deficit. These factors in turn make it more difficult to reign in the Federal budget deficit. The trade deficit increased from $28 billion in 1981 to more than $108 billion in 1990. Our current trade deficit of $60 billion was reduced largely because of the declining value of the dollar during this recessionary period.

We should not be lured into believing the underlying causes of the $100 billion trade deficits have been cured. Those causes, the wide range of unfair trade practices facing our domestic producers, persist unchanged today, and there is great likelihood we will quickly return to the $100 billion level as the recession abates and consumer demand increases. The point is we must take action now to forestall a greater loss of U.S. jobs and help our business leaders combat the unfair trade practices which compromise their ability to compete on a level basis.

I will proceed with my specific findings according to the following categories:

I. Fair Trade in the Current Global Economy.

II. Priority Issues Preventing Fair Trade.

III. Recommendations.

I. FAIR TRADE IN THE CURRENT GLOBAL ECONOMY

Mr. President, senior management of companies and labor leaders within Pennsylvania industries testified repeatedly during the course of these field hearings that they are concentrating their efforts on making themselves more competitive in the global economy. These efforts run the gamut from reinvestment in new plant technology by steel companies such as USX, Bethlehem, Allegheny Ludlum, Lukens, and Carpenter Technology, to efforts by small food producers to compete against imitation products coming from Eastern Europe and South America.

Virtually every company executive who appeared during our hearings reiterated a dominant common theme: In order to achieve growth they must expand, and most plan to achieve more than 50 percent of their revenues from international markets by the year 2000. In order for them to succeed, however, existing laws and agreements must be enforced to ensure equitable trade practices and open access to all global markets.

Mr. President, as each day passes, we are losing more American jobs and revenue to our unfairly advantaged competitors. On January 29, Bethlehem Steel, which testified in the person of Mr. Hank Barnette at the hearings in Allentown on January 29, 1992, announced that it would exit the bar, rod, and wire business which it operates out of its facilities in Johnstown, Pennsylvania. They cited unfair trade as one of the principal reasons for leaving the business. As this tragic event demonstrates, negative alternatives to free trade are already too commonplace in our Nation.

II. PRIORITY ISSUES PREVENTING FAIR TRADE

Mr. President, the businesses represented in these hearings formed a comprehensive cross-section of our industrial base. Their problems in the face of unfair foreign trade practices are wide-ranging. Following is a summary list of observations made by witnesses at the hearings regarding unfair trade practices.

1. FOREIGN GOVERNMENT SUBSIDIES

The most prevalent of unfair trade practices may be the subsidization of foreign industries to foster greater penetration into U.S. markets by bidding at artificially lower prices. The practice is rampant, and coupled with the preference of many foreign governments to procure goods from their internal suppliers, the results pose significant barriers to free trade for U.S. companies. Examples of such practices are numerous, so I will mention only those which are most illustrative of the damages being inflicted by subsidies:

STEEL

U.S. steel industry jobs have been decimated in the past decade due largely to unfair trade practices coupled with the recessionary impact of the economy. According to data provided by USX, the number of U.S. jobs has diminished from 391,000 in 1981 to less than 165,000 today. The people of Pennsylvania alone have suffered losses of almost 100,000 steel jobs since 1981.

Mr. Charles Corry, chairman of the board of USX, provided the committee with some clear data reflecting trends in the U.S. steel industry. In 1960, steel imports of 3.4 million tons accounted for 4.7 percent of our market. At this time the United States Steel Corp. employed 225,000 employees. In 1970, steel imports had moved to 13 million tons and the company's employment had dropped to 201,000. By 1980 imports had grown to 17 million tons, or 15.2 percent, and employment dropped to 149,000. Today, following extensive plant closings, employment is down to less than 50,000.

The job losses over the years have occurred while the U.S. steel producers have lowered man-hours-per-ton from 11 to 3. Mr. Corry cited the fundamental underlying cause as unfair trade practices, where foreign governments heavily subsidize their steel producers by providing low- or no-cost loans and further subsidies to upgrade plants.

An example of such subsidization was provided by Mr. William Van Sant, chairman and CEO of Lukens Inc., at

our trade hearings in Philadelphia. He described practices by the French Government to provide $463 million from the state-owned Credit Lyonnais Bank for a 30-percent stake in Usinor Sacilor, a government-controlled steel producer in France and one of Western Europe's largest steelmakers. This subsidy was of special concern to Lukens because Usinor is the parent firm of Creusot Loire and Dillenger, a competitor in the global steel plate market.

Mr. Richard Simmons, chairman of the board of the Allegheny Ludlum Corp., a specialty steel producer, shared Mr. Corry's concern with foreign subsidization and was also troubled by our current laws which he regarded as insufficient to address these unfair trade practices:

> * * * import relief measures granted pursuant to trade laws are always prospective in nature; that is to say, they are available only after substantial damage has been caused.

He added that, currently, American companies have no way of recovering financial damages resulting from dumping and subsidy violations. Mr. William Pendleton, director of corporate affairs, Carpenter Technologies, also proposed private right of action as a remedy. He said:

> U.S. trade laws * * * have been effective in the past and will continue to be needed in the future. Carpenter * * * strongly supports the passage of legislation which would provide a private right of action for companies injured as a result of dumping and subsidization.

While the people of Pennsylvania and the Nation have suffered tremendously, we should be proud of their efforts in trying to achieve competitive status in the face of unabated foreign government subsidies to foreign producers. The U.S. steel industry has invested more than $12 billion to modernize plants and develop more efficient methods of producing steel. While 55 percent of the steel jobs have been lost and capacity trimmed by 30 percent, the quality ratings of our steel products have increased by more than 40 percent. The results are both startling and a tribute to the efforts of the steel companies. The United States may now consider itself the low-cost provider of many forms of steel and ranks among the highest in terms of quality ratings.

The foregoing efforts should result in the United States holding a dominant position as an international exporter of steel. To the contrary, however, the United States must reluctantly rely on voluntary restraint agreements because our foreign trading partners have yet to agree to a new Miltilateral Steel Agreement [MSA]. The intransigence of our trading partners persists because they are still reluctant to significantly reduce or eliminate their government subsidies. Parenthetically, Mr. President, I believe that the steel VRA's currently scheduled to expire next month should be extended by President Bush until an MSA is in place, which I am calling for in a separate bill.

COAL

The coal industry, like the steel industry, has been experiencing its share of trade-related problems. Mr. Stephen Young of the CONSOL Group, the Nation's largest coal exporter and largest coal enterprise in terms of revenue, in his testimony in Pittsburgh identified some problems affecting the competitiveness of his industry. He explained that as a result of inaccurate projections made about coal demand during the oil shortages of the seventies, coal on the international market is now in surplus, and thus is selling for a fraction of its original cost. To make matters worse, the U.S. coal industry must bear costs associated with production and marketing not shared by its foreign competitors.

In addition, foreign government support of domestic industries further weaken the competitiveness of American-produced coal. It appears that Germany and Canada, among others, guarantee markets for their domestic coal industries, thus limiting American coal export opportunities. Finally, Mr. Young indicated that while he appreciated the past efforts of the President and certain Members of Congress on behalf of the coal industry to promote American exports, he said that presently there is no concerted effort to increase coal exports.

LABOR

We cannot fully address the impact of trade barriers without a full consideration of their impact on our most valued asset—American workers. It is at the individual human level that the real damage is done. Jobs are lost, lives and families are shattered, and our standard of living erodes. Mr. President, each day we read about the next 2,000 or 10,000 people who will be the victims of downsizing as our companies take every possible action to enhance their competitiveness in the face of rising trade barriers.

In just the past few weeks we have heard General Motors and Bethlehem Steel announce layoffs which will affect 80,000 workers. In his testimony in Pittsburgh, Mr. Kenneth Enborg of General Motors stated that the lack of adequate legal protection for industrial design affects the competitiveness of the auto industry because it encourages the influx of limitation design copies entering our country. This influx of goods contributes to our trade imbalance and results in a loss of U.S. manufacturing jobs. He stated:

> In the automotive industry, design piracy by offshore manufactures is a growing problem that is costing the industry hundreds of millions of dollars and harming automotive workers and their customers.

Mr. John Sheehan of the United Steelworkers of America reported that real wages of average workers are lower than they were 10 to 15 years ago. He adds that:

> Employment in the steel industry has been steadily declining. According to the American Iron and Steel Institute, its reporting companies have announced a 12.2 percent decrease in jobs in November of this year as compared with jobs in November of this year as compared with jobs in November 1990. The industry has been operating in the low 70 percent of capacity utilization throughout the year. The impact upon production and maintenance workers resulted in the decline of about 286,000 jobs in 1981 to 119,000 in 1990.

AGRICULTURE

Pennsylvania's agriculture suffers continued and acute financial distress as a direct result of foreign market subsidization. Mr. Keith Eckel, president of the Pennsylvania Farmers Association, testified before the committee that European Community [EC] export subsidies often exceed 100 percent of the international market price. The EC due to subsidy support, has moved from being a net importer of dairy goods to a net exporter, which supplies approximately 50 percent of worldwide dairy products.

Mr. President, the dairy industry is Pennsylvania's major agricultural industry, in addition to being an enduring symbol of U.S. agriculture. While farmers have made great strides in addressing oversupply problems, foreign producers are dominating the globe due to government subsidies. Currently, we are allowing the European Community to virtually rob U.S. dairy farmers of their ability to market dairy products abroad.

Tom May, vice president of CEMAC Foods Corp., testified at the Allentown hearing about the tremendous damage to the dairy industry resulting from duty-free imports under the generalized system of preferences. In our zeal to provide aid to emerging Eastern European democracies, we are opening the door on a duty-free basis not only to those countries, but also to all countries on the GSP list, at the expense of the U.S. dairy farmer.

The importer of Goya cheese from Hungary submitted a petition under the GSP to allow Goya to enter this country duty-free in addition to the quota-free status it currently enjoys. As a generic cheese product, Goya displaces American-produced Parmesan cheese pound for pound. At its current duty rate of 25 percent, Goya already enters this country at a price below what it would cost to produce domestic cheese. Elimination of the duty would cause a tremendous increase of imports and devastate the domestic dairy industry.

While we strive to assist the Eastern European democracies, we should not allocate funds at the direct expense of our heartland industries, which are already suffering at the hands of unfair trade practices.

SHIPBUILDING AND SEA TRANSPORT

The Philadelphia Navy Shipyard is the last such facility in the Delaware

River vicinity, a region which used to employ 150,000 persons in 31 such facilities. While the decline in defense needs is a primary factor, the following comments are restricted to the commercial sector. According to testimony by Mr. Bob Gorgone, business manager for the Philadelphia Naval Shipyard, whereas in 1980 there were 69 hulls under construction in the United States, in 1992 there is only 1. This is an industry which has worked diligently to offer very competitive labor rates and is now being victimized by foreign government subsidies. The following examples were provided by Mr. Gorgone:

A subsidy of nearly 30 percent was awarded by the Spanish Government to build a ferry for Morocco. In addition, a 30-year 2-percent loan was made with a 10-year grace period.

In Norway a 35-percent subsidy was provided for construction of a ferry.

With foreign shipyards taking away most of the commercial work, our private shipyards are forced to compete for the repair of Navy ships because it is the only work left. Foreign subsidization, coupled with excessive U.S. regulations, is quickly removing the United States from the shipbuilding and sea transport industries. Mr. President, the shipbuilding industry stands as a vivid example of how the United States is becoming an endangered species in industries where we were once the world leader.

AIRCRAFT MANUFACTURING

The Boeing Co.'s vice president, John F. Hayden, described for the committee how subsidies are beginning to erode our hard-earned competitive advantage in the aircraft manufacturing industry. The Governments of France, Germany, the U.K., and Spain have provided heavy subsidies to the consortium Airbus Industries to develop a robust product line of commercial aircraft without the investment restrictions normally required of a company which must remain profitable. To enable Airbus to capture a market share, those Governments have contributed an estimated $26 billion in subsidies.

According to Mr. Hayden,

> The most significant external threat facing Boeing today is what we view as unfair trade practices being employed by European governments in support of our principal foreign competitor—Airbus Industries.

Mr. Hayden's concerns are readily apparent as Airbus' global market share of commercial aircraft construction has risen to 30 percent.

If our domestic aircraft manufacturers are to continue to be competitive, the U.S. Government, in the case of Airbus, must find a way to level the playing field so that our companies will not have to compete against the combined strength of four European governments.

The same concerns were voiced clearly by the United Auto Workers Union Local No. 1069 in the person of Anthony Forte, president, who also appeared before the Judiciary Committee. Mr. Forte testified that,

> During the last 20 years Airbus has incurred losses that would have bankrupted the U.S. airline producers, while at the same time increasing its market share dramatically. Labor and industry believe that this market penetration is largely a result of unfair trade practices by Airbus, and that we must deal with these practices through action under GATT.

TEXTILES

Long a key contributor to our Nation's economic strength, the textile industry is now being ravaged by the consequences of unfair foreign trade practices. Textile manufacturers employ 28,000 workers in Pennsylvania and 670,000 nationwide. When combined with the apparel industry, textile workers number almost 2 million and contribute $50 billion to our GDP.

Carlos Moore, executive vice president of the American Textile Manufacturers Institute, gave testimony concerning the extensive damage experienced by textile manufacturers from unfair trade practices. Trade in textiles for 20 years has been governed by the Multifiber Arrangement [MFA], largely because GATT was inadequate to fully address the industry's inequities. Quotas were used as a means of controlling the flooding of our markets by low-cost goods produced cheaply through use of substandard labor practices, many of which are illegal in the United States.

While the MFA has shown moderate success, industry violations persist. Imports of textiles and clothing into the United States increased from 4 billion square meters in 1980 to over 12 billion in 1991. As a result, domestic employment has declined from 2.4 to 1.8 million, with industry employment in Pennsylvania declining by an even larger proportion. In 1980, Pennsylvania employed 168,000 textile and apparel workers; by 1990, the number shrank by 41 percent to 99,000.

Much of the problem can be attributed to continued violations of trade laws coupled with poor implementation of the MFA. Violations include such practices as the use of prison labor in China and subsidies in Pakistan where yarn is often sold at less than the value of raw cotton. While the current state of the industry is poor, it may grow worse if current GATT agreements to allow India, Pakistan, and Indonesia to double their access go forward. The inequity is compounded by the fact these nations' markets remain closed to U.S. exports.

HIGH TECHNOLOGY AND DEFENSE-RELATED INDUSTRIES

Mr. President, another problem continually encountered in the export area is the subsidies given by foreign governments to their industries through low-cost financing and absorption of research and development costs associated with the product.

Subsidization by foreign governments of critical high technology industries has put American manufacturers of sophisticated products at a competitive disadvantage in biding for projects internationally. Mr. Palle Christensen of Aydin Corp., a high technology firm which manufactures sophisticated electronics equipment and systems, reported a problem with competing in the international market because of these subsidies. He explained:

> Just last summer, we were second in price in an air defense NATO project. Aydin was again bested by Thomson CSF of France. Aydin's price was approximately $68 million, and Thomson won the program for $50 million. The big difference in the price was the software, a substantial portion of an air defense system. The French company's bid included only $1 million for its software costs, with the obvious conclusion that the French Government will subsidize the real cost to help Thomson develop the software for this system for future exports to other countries.

2. INTELLECTUAL PROPERTY AND PATENT PROTECTION

A second common and particularly damaging trade barrier is the lack of intellectual property protection to U.S. companies abroad. While we may need to improve our own laws regarding patent design protection, the major problem is the loss of revenue, jobs, and research and development incentives which result from the pirating of U.S. patents. The absence of adequate protections has far-reaching consequences across our auto, steel, pharmaceutical, and high-technology industries.

Our companies are investing billions of dollars on research and design initiatives to deliver leading-edge products into foreign markets which are then copied, resold locally, and crafted into imitation forms and sold back in the United States as equal quality. The net impact is loss of U.S. revenue, loss of U.S. jobs, and inferior quality components adapted to U.S.-made goods.

AUTOMOBILE MANUFACTURING

Kenneth Enborg, chief trademark and copyright counsel for General Motors Corp., advised the committee that over $1 billion in annual revenue is lost of offshore manufacturers who export automobile parts which are copies of U.S. patented products. Bethlehem Steel estimates that the total market for crash parts alone, exterior sheet metal replacement parts, represents 200,000 to 250,000 tons of steel annually, valued at $9 billion.

Automobile and truck production contributes more than $200 billion annually to our gross domestic product [GDP] according to the Bureau of Economic Analysis. According to Mr. Enborg, in recent years the U.S. manufacturers have invested more than $22 billion to modernize many of the more than 300 assembly and parts manufacturing facilities located in 35 States and 200 cities nationwide. The vehicle and equipment manufacturing seg-

ments alone employ more than 800,000 people.

Mr. Enborg testified further that our economic difficulties, coupled with unfair foreign trade barriers, have caused the industry's unemployment level to soar to more than 9 percent. While foreign manufacturers continue to penetrate our domestic market, U.S. market share has fallen 10 percent in just the last 5 years. Foreign penetration has been a major factor in the loss of more than 200,000 domestic jobs, or one in five, since 1970. Put purely in the context of trade, the industry represents 60 percent of our trade imbalance.

PHARMACEUTICALS

For the pharmaceutical industry, Asian countries present the most significant intellectual property abuses. Specifically China, India, Thailand and in North America, Canada, have notably deficient intellectual property laws. Other nations of the Western Hemisphere, including Brazil, Colombia, Peru, Ecuador, Venezuela, and Bolivia has also failed to enact adequate legislation. Harvey Bale, senior vice president of the Pharmaceutical Manufacturers Association, told the committee that the International Trade Commission and USTR estimated that in 1991 the worldwide losses to PMA member companies from patent piracy amounted to $5 billion.

Michael Campbell, managing director of the Pennsylvania Technology Council [PTC], echoed the pharmaceutical industry concerns over intellectual property and patent abuses at the Pittsburgh field hearing. The PTC represents over 2,200 high technology firms. While the United States leads the world in many technologies, according to the National Academy of Engineering, Japan was the only country to have a higher rate of high technology exports—at a difference of 400 percent.

An issue which frustrates American firms is the Japanese patent approval process which may take foreign importers up to 10 years to complete, while Japanese firms are put on an expedited track. Mr. Campbell noted further that the developing countries pose a still greater threat to U.S. entities regarding intellectual property and patent protection.

Randy Thurman, executive vice president of Rhone-Poulenc Rorer Pharmaceuticals, also testified before the committee in Allentown. Rhone is one of the world's top 10 pharmaceutical companies with its headquarters in Collegeville, PA. While the U.S. pharmaceutical industry still clings to a small $1 billion trade surplus, it is besieged with intellectual property theft from foreign nations.

Mr. Thurman calculates that the industry loses more than $5 billion per year due to lack of patent protection and billions more in the time and money invested through R&D to bring products to market which are subsequently pirated by foreign firms. The industry retains a surplus due largely to its significant investment in R&D, an amount exceeding $16 billion per year.

Clearly, Mr. President, the lack of adequate intellectual property protection is a major obstacle to free trade for our Nation's businesses.

3. UNFAIR BID CERTIFICATION PRACTICES

Calgon Carbon Corp. in Pittsburgh is the world's largest seller of activated carbon purifying systems. Calgon has operated in Japan since 1970 under partnership with the Mitsui Toatsu Chemical Co. Even though Calgon has worked closely with the Government of Japan, they have been unsuccessful in procuring effective certification to bid on government contracts. Despite a superior product and diligent compliance with bid specifications, Calgon was put in a Catch-22 situation when advised that it failed to meet 2 of more than 100 bid requirements—the two requirements were that firms operate independently in Japan and pay Japanese corporate taxes. Calgon Carbon did neither.

Calgon is but one small example of the many unfair trade barriers created through exclusive bidding requirements in many foreign countries. Paul Lego, chairman of Westinghouse Corp. also testified regarding unfair trade practices in government procurements. European Community Federal, State, and local government nondefense procurement totals over $500 billion per annum. According to Mr. Lego:

> For 30 years we and other U.S. firms have faced a virtually closed market in Europe for power generation plants, transport equipment, and telecommunications. These three categories make up about 50 percent of the EC procurement market. The EC has recently liberalized procurement of these items among themselves but has reserved the right to reject foreign bids which have less than 50 percent EC content.

Unfair trade practices in the bid certification process are widespread across many Asian and European markets. Every business which testified at these hearings presented examples of just how deeply such practices cut into their ability to sell to overseas markets.

Mr. President, my foregoing comments cover a wide range of unfair trade practices, including government-to-industry subsidies, the lack of intellectual property protection, and the closed markets created by blatantly unfair bidding schemes. All of these unfair practices combine to thwart U.S. business efforts abroad.

The problem is compounded by the sense of concern in Congress regarding the GATT negotiations. I believe we all agree that GATT needs to conclude without any weakening in our current trade laws. In order to provide immediate relief to unfair trade practices, we may have many options, and I believe the following recommendation will provide immediate improvement without the need to institute extensive protectionist legislation.

III. RECOMMENDATION

Mr. President, on April 25, 1991, I introduced S. 986, a bill to provide a private right of action for customs fraud violations. At that time, I had indicated that notwithstanding my efforts since 1981 to enact private right of action legislation for dumping, subsidies, and customs fraud violations, I would limit my private right of action legislative efforts to customs fraud violations because, in part, it was not as sweeping. However, as a result of the Judiciary field hearings and the many open houses and town meetings I have conducted, I am more convinced that broader private right of action legislation is very much needed. Accordingly, I am expanding S. 986 to include a private right of action for dumping and subsidies violations.

Industry suffers the dual dilemma of competing against foreign protectionist legislation and having no forum to pursue their grievances other than the executive branch. Hank Barnette, senior vice president and general counsel of Bethlehem Steel, provides a greater level of support for this legislation which is typical throughout committee testimony.

Mr. Barnette is very familiar with the broad range of our trade issues and was appointed by President Bush to serve on his Advisory Committee on Trade Policy and Negotiations. He appeared before the Judiciary Committee to echo the support he voiced for private right of action legislation when appearing first in 1985. Mr. Barnette says:

> I said then, and am equally convinced today, the current prospective antidumping remedies provide an inadequate deterrent to dumping. We know that to be a fact. In our industry the practice of dumping has continued unabated for nearly 20 years and it is rampant today. The establishment of an effective private right of action against dumping in the United States Federal Courts would provide a much-needed remedy.

I am convinced the current process for industry to redress such unfair practices is less than optimal and operates itself as a barrier to trade.

Mr. President, this is not to slight in any way the herculean efforts of Ambassador Carla Hills and her staff at USTR. I believe she has achieved significant advances in curbing unfair trade practices. However, I believe the USTR will benefit from the additional leverage that a private right of action law will lend to her future negotiations. As I have noted on several occasions, Mr. President, there is nothing like the vigor of private plaintiffs when it comes to the enforcement of our trade laws.

In summary, Mr. President, the Commonwealth of Pennsylvania represents

a cross-section of the Nation's highest revenue-generating industries. From autos, to steel, the pharmaceuticals, to high technology, and to transportation, Pennsylvania business supports this legislation.

I ask my colleagues to join me now in supporting this legislation to provide some immediate relief to the unfair trade practices which constrain our industry.

We are all familiar with the $1 trillion trade deficit we have incurred over the past decade and the additional impact of our currently stalled economy. We should also, however, be proud of the many improvements made by our industrial base over the past decade. Our corporations invested capital, the quality of our products has risen dramatically—but our people have suffered significant job losses while our corporations have tried to become more lean and competitive. Clearly, our business sector and each and every American has participated in and borne the burden of improving our competitive position.

Even these significant advances, however, are insufficient to truly compete in the face of illegal trade practices such as dumping, subsidies, and customs fraud. Like many international governments, it is now time for us to step in and take decisive action to enhance the competitive position of our industrial base.

Failure to move in this direction leaves our industries to do battle without the basic equipment provided by most every government in the world. I, therefore, urge my colleagues to join in supporting the private right of action legislation that I will be introducing shortly.

THE FOOLISH "BOAT TAX": A BAD IDEA WHOSE TIME SHOULD NEVER HAVE COME

Mr. HELMS. Mr. President, on October 27, 1990, the Senate did a great disservice to the U.S. economy and the American people when it passed, 54–45, the Omnibus Budget Reconciliation Act of 1990.

In this bill, among a host of other unwise and damaging tax increases, was a 10-percent luxury excise tax levied against boats and yachts costing over $100,000.

This Chamber resounded with gleeful assertion to the effect that Congress was really socking it to the rich guys with this one.

Now, take a look at the impact of this luxury tax. Sixteen months later it is obvious—and should have been 16 months ago—that not only has the tax hurt working-class Americans far more than the wealthy, but it is costing the Federal Government more than it is bringing in.

Mr. President, a report prepared by the Joint Economic Committee in July of 1991, titled "The Cost of Tax Related Job Loss Versus Projected Revenue Gain from Luxury Taxes in Fiscal 1991," describes the inherently flawed methodology used by Federal revenue estimators who fail to take into account all the effects of a proposed tax increase when estimating how much revenue will accrue to the Treasury as a result of its passage.

The committee's analysis concluded that the luxury tax on boats would result in the elimination of at least 7,600 boat manufacturing and retail jobs in 1991. However, officials in the boat manufacturing industry tell me that the loss is far worse, ranging between 20,000 and 25,000 jobs. The committee also found that the combined cost of the revenue lost and the increased outlays from this unemployment is $18.4 million, exceeding the $3 million revenue gain anticipated by the committee by a margin of better than 6 to 1.

Mr. President, North Carolina is one of the Nation's 10 largest boatbuilding States. It is home to some of the country's largest boatbuilding industries, including Hatteras Yachts in High Point, Davis Yacht in Wanchese and Carver Boat Co. in Rocky Point, not to mention hundreds of small businesses that serve the boatbuilders with products such as diesel engines, wood, wiring, paint, and fiberglass.

Obviously, many citizens of North Carolina are waiting for Congress to repeal the luxury tax on boats, I am confident that they are not alone. For a change, Congress has an opportunity to do something good for the economy, for the boating industry, and for the American people. It is time for Congress to admit its mistake and repeal the luxury tax on boats.

Mr. President, I ask that an article in the January 31 edition of the Raleigh News and Observer be printed in the RECORD at the conclusion of my remarks.

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

NC BOAT INDUSTRY BANKING ON REPEAL OF LUXURY LEVY

(By Jim Barnett)

As part of his legislative package to buoy the economy, President Bush is expected to ask Congress to repeal a luxury tax that sank large-boat sales when it took effect Jan. 1, 1991.

Industry officials say the tax has cost 25,000 U.S. jobs. In North Carolina—one of the nation's 10 biggest boat-building states—employment in boat factories has been cut from its peak of 5,200 people in mid-1988 to 2,200 people in mid-1991.

Bush didn't mention the tax in his speech, but manufacturers hope it will be repealed by the president's March 20 deadline. Winter is the industry's peak sales season, and one of the industry's biggest annual shows opens in Miami next month.

"If in fact it happens, it will certainly mean some almost immediate sales . . . and the ability to rehire some people and build some more boats," said Charles M. Kauth, senior vice president in charge of the High Point-based Hatteras Yachts division of Genmar Industries Inc.

"The moment that it is [repealed], we'll be firing off some rockets," he said.

The federal boat tax requires buyers to pay 10 percent of the purchase price above $100,000, and typically applies to boats longer than 18 feet. A cruiser with a $400,000 sticker price, for example, carries a luxury tax of $30,000.

The tax has cost so many jobs because big boats usually are custom-made, requiring lots of manual labor. Smaller boats are made on assembly lines and require less individual attention.

Cheri Jacobus, a spokesman for the National Marine Manufacturers Association, said it is possible that a repeal will restore the industry's work force to its pretax size. But it's too late for some of the companies that employed them.

"We do have some companies that are down and gone forever," she said by telephone from the association's Washington office.

THE ISRAELI LOAN GUARANTEE PROGRAM

Mr. CHAFEE. Mr. President, I would like to comment briefly on the issue of the $10 billion of housing and infrastructure loan guarantees that Israel has requested from the United States. Yesterday, before the House Appropriations Committee, Secretary of State James Baker enunciated the American policy of linking the granting of loan guarantees to the cessation of construction of new housing in the Israeli occupied territories of the West Bank and Gaza Strip. I believe this to be a rational and prudent approach by Mr. Baker. The American Government has consistently held that unilateral settlement construction is counterproductive to the Middle East peace process.

In yesterday's Washington Post, the Israeli Ambassador to the United States, Zalman Shoval, is quoted as saying that as a result of the American position "the dilemma right now of Israel is to take a decision * * * between the safety of our compatriots in the Commonwealth of Independent States now and the safety of our country tomorrow." This statement seems to reflect a line of reasoning that is currently popular in Israel that a new settlement construction freeze is akin to accepting the ultimate abandonment of the occupied territories.

This reflects a misconception that needs to be set aside once and for all so that our discussions on loan guarantees can proceed on a factual basis. The fact is that a new settlement construction freeze is not the equivalent of a return of the occupied territories. The United States has never called directly for Israel to abandon this land. Instead, each and every American administration has called for the adherence to U.N. Resolution 242. This resolution does contemplate the eventual return of territory but only as a result of di-

rect, face-to-face talks between Israel and its Arab neighbors. Indeed, just such direct negotiations resumed here in Washington yesterday morning.

It is our hope and determination that these negotiations succeed, and that is what makes it so important that new settlement construction stop. Peace will not come to this troubled area of the world unless the various parties are able to negotiate an agreement. New settlement construction makes it increasingly difficult to negotiate on the future of the occupied territories. The United States is not asking Israel to choose between the safety of commonwealth immigrants and its own survival. All Secretary Baker is asking is that the Israeli Government give the peace negotiations a chance to flourish and ultimately succeed. I think he should be commended for this effort.

MOST-FAVORED-NATION TREATMENT TO THE PRODUCTS OF THE PEOPLE'S REPUBLIC OF CHINA—CONFERENCE REPORT

Mr. MITCHELL. Mr. President, I submit a report of the committee of conference on H.R. 2212 and ask for its immediate consideration.

The PRESIDENT pro tempore. The report will be stated.

The bill clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2212) regarding the extension of most-favored-nation treatment to the products of the People's Republic of China, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

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

(The conference report is printed in the House proceedings of the RECORD of November 26, 1991.)

The PRESIDENT pro tempore. Who yields time?

Mr. BENTSEN. Mr. President, I yield to the majority leader for 5 minutes.

The PRESIDENT pro tempore. The majority leader is recognized for 5 minutes.

Mr. MITCHELL. Mr. President, since the massacre in Tiananmen Square in 1989, the world has continued to do business as usual with China. There is a common international interest in human rights, in limiting the proliferation of weapons, and in regional stability. Those common interests should make all nations more serious about the disregard in which China holds those values. But it is apparent that trade relations have taken priority.

Sadly, no nation has done more to make China's behavior appear respectable than the United States. By sending official delegations to meet with the Communist Chinese leaders, by failing to seriously restrict relations in the wake of the Tiananmen Square massacre, by continuing a policy of seeking negotiations at every turn, despite Communist Chinese actions, instead of asserting our own policy goals, the administration has given the Chinese no incentive to modify what has been a very successful policy from the standpoint of the Communist Chinese Government.

The President has repeatedly said that to do otherwise would be to isolate China and, thus, lose all opportunity to influence Chinese policy. That view has had the support of only a minority of the Congress. But that minority has been unable to block legislation setting forth more clear-cut criteria for our relations with China. Today, 2½ years after the massacre, it is time to review again whether or not the administration's policy has been successful.

I believe it has not succeeded. It has failed. It is time for a stronger policy.

This month, on the very day that the President met with the Chinese Premier, Li Peng, the President's own State Department issued its annual human rights report. What the President's own State Department said about human rights in China is a standing reproach to the administration's current policy toward China.

The State Department report documented that arbitrary arrests are occurring, even though documented evidence of such arrests is not available. But it said, and I now quote the State Department, that there are "credible estimates * * * that hundreds of thousands of people" have been arbitrarily arrested.

Mr. President and Members of the Senate, it is evident from even the most cursory review of the State Department report that nothing has changed from the Tiananmen Square massacre to this day with respect to human rights in China.

The Communist leaders of China hold their power through a vast security apparatus which uses torture, arrests, detention, and brutality to remain in power. The Communist Chinese Government clings to power by silencing all opposition; by imposing its will by force. Chinese human rights policies deserve condemnation and sanction, not business as usual.

China's record on trade is not much better. The President defends the relationship with China on trade as being too important to jeopardize. But enforcing American laws on trade does not jeopardize relations. It is the attempt to subvert our laws in which the Chinese are engaging that places the relationship at risk, not our insistence on enforcing our laws.

Our trade deficit with China today is our second largest, after the trade deficit with Japan.

The President freely denounces the trade deficit with Japan, but has never expressed even mild concern about the deficit with China.

China has become the eighth largest source of imported goods to the United States. Since the mideighties, we have built up a trade deficit of over $30 billion with the China aggregate, and it is increasing rapidly.

Mr. President, one study estimates that if the products purchased in China were instead manufactured in the United States, 175,000 American jobs would be created.

The trade relationship with China is important to us, but it is even more important to China. It is precisely in such relationships that our Government has some leverage over the policy goals we wish to pursue. The President has tried to use our leverage with Japan. He should do so with China.

In the wake of the dissolution of the Soviet Union and the former Soviet Empire in Eastern Europe, the most serious threats to world peace have become regional ones. Recent developments in proliferation are particularly troubling.

Press reports on Friday indicate that despite the verbal assurances made by China to Secretary of State Baker last November, China may have long-term contracts to sell as much as $1 billion of missile and nuclear-related technology to Iran, Iraq, Libya, Syria, and Pakistan.

The President has made it a top priority in shaping the security outlook for the new world order to prevent the proliferation of nuclear, chemical, biological, and ballistic missile technologies. That is an appropriate security goal, and I commend the President for setting that goal out. It has the support of all Americans. But a goal cannot be reached if you pursue a policy that has the opposite effect, and that is what has happened with the administration's continued tolerance of Chinese arms and technology sales.

I urge my colleagues to take these factors into account as they consider this legislation.

The administration's policy has now had more than 2 years to achieve its stated goals, and has not done so. It is clearly a demonstrable failure. I believe it is time to change that policy.

Mr. President, I thank the distinguished chairman for his courtesy.

The PRESIDENT pro tempore. The Senator from Texas [Mr. BENTSEN].

CONFERENCE AGREEMENT ON CHINA MOST-FAVORED-NATION BILL

Mr. BENTSEN. Mr. President, I certainly share the views of the distinguished majority leader.

It was last fall, shortly before Congress adjourned, that the House and the Senate conferees reached an agreement on legislation that defines the terms for granting most-favored-nation

treatment to the People's Republic of China. The House passed the conference agreement by an overwhelming majority. The vote was 409 to 21.

That vote showed one thing: That there is a clear consensus concerning the priorities in our relationship with China. The conferees took the House and Senate bills, and from them they drew the key elements to define the objectives of our China policy in the 1990's.

First, China has to improve its record on human rights. The conference agreement requires that China account for citizens arrested as a result of their participation in the Tiananmen Square incident in June of 1989; and to release them now. That is a minimum step that must be taken by China to restore its international reputation.

The bill also calls for China to make significant progress on a wide range of basic human rights—for example, by ending religious persecution, by allowing free assembly and freedom for the press, and by ending torture and inhumane prison conditions.

The fact is that until China stops the brutal repression of its own people, it is just not going to be welcomed back into the hearts of American citizens. While repression in China today may not be seen in the nightly news as it was in 1989, it certainly continues. China's leaders must understand that we are fully aware of that, and that we are going to continue to press China to treat its own people with the dignity that they deserve.

Second, of course, China has to open up its markets to American exporters. The bill requires that China make significant progress in providing American exporters with fair access to its markets, stopping the unfair trade practices, and protecting our intellectual property rights. The bill also puts some teeth into our laws against the importation of prison-made goods by setting civil penalties of up to $1 million for violations of those laws against those who import those thing into this country.

And third, China must stop contributing to the proliferation of dangerous weapons systems into the most volatile areas of the world. The bill requires China to make significant progress in adopting a national policy that adheres to international standards aimed at preventing weapons systems proliferation, such as the missile technology control regime. Specifically, the bill makes clear that China does not meet this test if it transfers the M-9 or M-11 missiles or missile launchers, or nuclear technology or equipment, to Syria or Iran.

With this bill, Congress spells out a message to the Chinese leadership which I think this administration has just failed to send. If China wants to continue current trade relations with the United States, the number one customer in the entire world; if it wants to be an accepted member of the international community, a member in good standing, then it has to change its direction on human rights, on trade, and on weapons proliferation.

Let me address the trade issue in particular. When two countries exchange most-favored-nation treatment, that means that both countries expect to benefit. It has to be to their mutual benefit, or it just does not work properly. But look at what has happened since we granted China most-favored-nation status. Before 1980, Chinese exports to us amounted to less than $1 billion a year. Last year, China shipped nearly $19 billion worth of goods to the United States.

That would be all right; we would not quarrel about that if we were talking about fair trade practices. But if we are talking about enormous subsidies to exports; if we are talking about dumping their products far below their own costs; if we have government-managed trade rather than using the standards of commercial markets; that is when we have problems.

Just look at our own record of exports in that same period. We have gone from $2 billion in 1979 to approximately $6 billion today; that is less than one-third of what China is exporting to us.

In 1990 we saw our exports to China go down. I cannot think of another major market around the world where we saw that happen. They recovered somewhat in 1991. But the fact is that trade with China is adding nearly $13 billion to our trade deficit today. It is the fastest growing deficit we have with any other nation. Since we began considering this bill last year, China has moved past Taiwan, right up into second place behind Japan, in our trade deficit ranks.

Remember all of the talk in the past, in the early eighties, about the huge market in China, and of the great potential that we had for American business? Well, that market is still there, but the potential has not even begun to be realized.

Look at South China and see what is happening there, where they are really developing their exports. American businessmen have gone over and established their plants and their factories there to ship the products out.

What is the problem for us? Well, it is all of the roadblocks that China puts up to the products coming from here into China. Over the last 3 years, China has tightened central control over foreign trade to be certain it works to China's advantage. They use all sorts of tools to limit imports into China: For example, tariffs as high as 200 percent, and import licenses on nearly half of their trade. What do import licenses mean? That means they can manipulate trade in the bureaucracy. You are never quite sure what you are going to be able to send into the country. You also have out-and-out bans against imports of 80 types of products you cannot send there at all.

China also uses a whole variety of trade barriers that are more subtle, but equally effective. For example, it does not publish its trade directives. How does an American exporter know what he is up against? China imposes high quality standards on foreign goods and then requires elaborate testing and certification to make sure those standards are met, standards that we are not putting on their products coming here.

I remember the example of this in the auto sector. If you want to export autos to China, you have to provide two free cars as samples to the Chinese Government, pay $40,000 for their testing, and then foot the bill for Chinese inspectors to come to this country to inspect the factory. None of this, of course, applies to a Chinese-made car.

The bottom line is this: If you are an exporter trying to sell a product to China that China makes for itself, the deck is stacked against you. And their docks will be stacked with your products and they will not move off the docks.

At the same time, China has placed a high priority on increasing its exports and it has an arsenal of tools in that area as well. The United States Trade Representative [USTR] reports that at least 90 percent of China's exports receive some form of Government support. It comes in a variety of forms—for example, lower tax rates, preferential credit rates, and exemptions from import duties on things they need as components. You also have parallel exchange rates which give Chinese exporters a 50- to 70-precent premium over the official rate. That is pretty tough competition. I do not care how many hours the American workers work or how many wage concessions they make in trying to meet that competition, an enormous advantage is given by the export terms of China.

Than I read about the way that China tries to get around our quotas on textiles and apparel—shipping through countries like Lebanon, Honduras, Panama, and Macao. Yet China already, even under the quota system, is our largest supplier of textile products, just in those they ship under their own label.

But despite this kind of widespread bad behavior, we see this administration deciding to take a new approach in its handling of antidumping cases against China, an approach that appears to me to be letting the Chinese exporter off the hook when it comes to dumping and selling products below cost in this country. Serious questions are being raised as to whether this new approach is consistent with the laws that Congress passed in the Trade Act of 1988. It is incomprehensible to me

why this administration would be stretching the law at this point to give China a better deal when they have a $13 billion trade surplus with us. China is surely not giving the American exporter a better deal.

After months of talk about China's trade barriers, the administration finally initiated a section 301 case last October against these unfair practices. By law, that case does not have to conclude until next October. But there is no excuse for letting the investigation go on that long. We know what the problems are with China and China knows what it needs to do to settle the dispute.

The section 301 tool can work. That is why we strengthened it in the 1988 Trade Act. China has a bad habit of stealing the markets of American exporters by taking their intellectual property rights unlawfully. By using section 301, the United States Trade Representative got China to the table and we now have an agreement that should end this kind of piracy. I certainly welcome that new agreement, and I will be watching to see how closely they comply with it.

As for the remaining section 301 cases, I am calling on the administration today to conclude its investigation by June when the President must decide whether to extend China's MFN status another year. Frankly, I hope they move faster. The President gave us a March 20 deadline, as I recall, on the tax bill. I would like to see him move faster on trade with China in the MFN agreement. That is more than enough time for us to determine whether China is prepared to open its markets to our exporters, as we have opened up ours to them.

China talks a lot about wanting to join the General Agreement on Tariffs and Trade [GATT]. Under the 1988 Trade Act, the administration cannot grant China the benefits of GATT until China agrees to operate its state-trading companies consistent with commercial considerations, so they figure profit and loss under a commercial approach. If they do not get such an agreement, then the administration needs congressional approval before granting China any GATT benefits.

Now, as long as China makes government-driven rather than market-driven decisions in international trade, and as long as China treats United States companies unfairly by protecting its markets while preying upon ours, I do not see any reason to let China into the GATT.

I do not think this administration has gotten the message across to the Chinese leadership that there is a price to pay for its policies of repression, of protectionism, and of indiscriminate arms sales. It is time for the Congress to send that message loudly and firmly. I urge my colleagues to join me in voting for this conference report.

Mr. President, I reserve the remainder of our time.

Mr. PACKWOOD addressed the Chair.

The PRESIDENT pro tempore. The Senator from Oregon [Mr. PACKWOOD].

Mr. PACKWOOD. Mr. President, I yield 12 minutes to the Senator from Montana.

The PRESIDENT pro tempore. The Senator from Montana [Mr. BAUCUS] is recognized for 12 minutes.

Mr. BAUCUS. Mr. President, I rise in opposition to the conference report on H.R. 2212.

As most of us are keenly aware, over the last three years, United States relations with China have been the subject of intense congressional debate. China's unfair trade practices, its sales of dangerous weapons, and its violations of basic human rights add up to a reprehensible record.

Quite understandably, many of my colleagues have sought sanctions against China.

ENDS AND MEANS

In my mind, it is unfortunate that the debate on United States policy toward China in recent years has centered on whether or not we should extend most-favored-nation [MFN] trading status to China.

The heated debate over whether or not MFN status is the appropriate tool for addressing our concerns with China obscures a broad consensus on the larger issue.

The administration, the business community, and some in Congress—including myself, strongly oppose using MFN status as the tool to push for reform in China.

We oppose conditioning or withdrawing MFN because it would be exactly the wrong approach. Instead of encouraging reform in China, withdrawal of MFN would break the growing business ties between China and the United States, devastate United States export industries, and push China further into the hands of hardline Marxists. A unilateral cutoff of MFN would hurt the United States far more than it would hurt China—especially since no other nation would follow the United States example.

But the debate over MFN is a debate over means, not over ends.

In fact, there is a consensus in the Congress, in the administration, and in the Nation as a whole that China's behavior is intolerable and that the United States must be a force for reform. The disagreement is about how we best achieve this goal, not over whether it is worth achieving.

A NEW CONSENSUS

One of the positive results of last year's congressional debate over extending MFN is the emergence of the foundations of a new, consensus policy toward China.

Last July, in a letter to myself and other Senators, President Bush articulated a comprehensive new United States policy for addressing United States concerns with China. I ask unanimous consent that a copy of that letter and a follow up report from the administration appear in the RECORD at this point.

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

THE WHITE HOUSE,
Washington, July 19, 1991.

Hon. MAX S. BAUCUS,
U.S. Senate, Washington, DC.

DEAR SENATOR BAUCUS: I appreciated receiving your views on the importance of renewing China's most-favored-nation (MFN) trade status while also seeking to achieve progress with the Chinese on issues of vital concern to the American people. We clearly share the same goals. We want to see China return to the path of reform, show greater respect for human rights, adhere to international norms on weapons sales, and practice fair trade. China should contribute to international stability and not detract from it.

You rightly note that withdrawing MFN would hurt not only Americans but also the people of Hong Kong and the millions in China who are working for progressive change. Continuing MFN is essential to protect American consumers and exporters, and to support the economic forces that have been driving reform in China for more than a decade. It is no accident that the process of reform accelerated with the increase in foreign businesses operating in that nation. Those who would end political and economic reform in China have the most to gain if MFN were withdrawn. It is the economic forces pressing for the loosening of state control and increased personal freedom that would suffer the most. Other losers would be the thousands of American workers and farmers who together produced in 1990 almost $5 billion in exports to China.

Since we started the process of normalizing contacts with China in the 1970s, there has been strong bipartisan support for the U.S.-China relationship. Building on the three U.S.-China communiques, U.S. interaction with the government and people of China has produced demonstrable progress. That interaction must continue despite the recent severe setbacks. Nevertheless, I support the view that strong measures are needed to address our concerns in China and have not hesitated to use them in a targeted fashion. To underscore our deep dismay about human rights violations, I have kept in place a number of sanctions since the Tiananmen Square crackdown which have affected arms sales, high-level contacts, U.S. economic programs and U.S. support for multilateral development bank lending to China.

The U.S. is currently the only nation maintaining its Tiananmen sanctions and refusing to normalize relations until China makes substantial progress on human rights. For example, while all our allies and other World Bank members have supported virtually all of the last sixteen World Bank loans to China, we have declined to support seven because the loans would not serve basic human needs.

At the London Summit, we raised China's human rights practices with our G-7 allies and encouraged them to continue to stress to China's leaders, as we have repeatedly, the importance that democratic governments attach to human rights. We made clear that the U.S. will continue its policy of supporting only those multilateral development

loans for China that serve basic human needs (BHN), and our view that any non-BHN lending to China help to promote market-oriented economic reform.

To advance our nonproliferation objectives, I recently authorized a number of steps aimed at engaging the Chinese on their weapons transfer policies and making clear our dissatisfaction with transfers that contribute to regional instability. The Under Secretary of State for International Security Affairs recently traveled to Beijing for a detailed discussion of nonproliferation issues, including our specific concerns about Chinese exports. He pressed for China's adherence to the Nuclear Nonproliferation Treaty and the Missile Technology Control Regime, actions I called for in my commencement speech at Yale University on May 27. We are pleased with the constructive role China played in the July 8-9 Middle East arms control talks in Paris. The Chinese endorsed all the key objectives of my Middle East arms control initiative (such as efforts to freeze and ultimately eliminate surface-to-surface missiles and block the production and acquisition of nuclear useable material). The Chinese also agreed to work rapidly in follow-on meetings to flesh out the broad agreements reached in Paris.

At the same time, I have also taken measures to emphasize to China that the U.S. is concerned about reports of destabilizing missile-related transfers. In April, I rejected requests for licenses to export satellite components for a Chinese communications project because of the involvement of Chinese companies in unacceptable missile equipment transfers. Just recently, I approved trade sanctions against two Chinese companies for that same reason. In addition, I directed that no further licenses of high-speed computers and no further exports of satellites to China be authorized until our concerns that China adhere to accepted international nonproliferation standards are satisfactorily addressed. The U.S. will be coordinating with other countries in order that these measures not be undercut. Our experience has demonstrated that such consultations will lead to effective, multilateral technology transfer restrictions.

I have also instructed U.S. agencies to press vigorously our concerns about Chinese unfair trading practices. In April, I directed the U.S. Trade Representative to identify China as a priority foreign country under the Special 301 provisions of the Trade Act for failing to protect U.S. intellectual property rights. If China does not make real progress during the 301 investigation, trade action will follow. Beyond intellectual property protection, my Administration has invited senior Chinese trade officials to Washington in August for continuation of consultations begun in June regarding access for U.S. products to the Chinese market. If these talks fail to produce Chinese commitments to take substantial measures to improve market access, the Administration will self-initiate further action under Section 301 of our trade laws.

We are strictly enforcing the terms of our textile, agreement which China and have already made charges against China's quota because of illegal textile shipments through third countries totalling approximately $85 million so far. Following consultations in July, we expect to make additional charges. If China does not exert effective control over these illegal shipments, we are prepared to take additional action against China.

Charges that China exports goods produced with prison labor are a matter of serious concern. The Customs Service is investigating these charges. In addition, we have obtained a firm high-level commitment to prevent the sale of prison labor products to the United States. We will continue to monitor China's behavior in this area closely and will strictly enforce relevant legislation concerning prison labor exports. In particular, I am ordering the following additional measures: The Department of State will seek to negotiate a memorandum of understanding with China on procedures for the prompt investigation of allegations that specific imports from China were produced by prison labor. Pending negotiation of this agreement, the U.S. Customs Service will deny entry to products imported from China when there is reasonable indication that the products were made by prison labor. The denial will continue until the Chinese Government or the Chinese exporter provides credible evidence that the products were not produced by prison labor.

I am also instructing the U.S. Customs Service to identify an office to receive information on prison labor exports and establish procedure for the prompt investigation of reports of prison labor exports from interested parties. Additional customs officials will be directed to identify prison labor exports and aid in uncovering illegal textile transhipments.

Although it is not directly related to China's MFN status, I share your interest in Taiwan's accession to the GATT. As a major trading economy, Taiwan can make an important contribution to the global trade system through responsible GATT participation. The U.S. has a firm position of supporting the accession of Taiwan on terms acceptable to GATT contracting parties. The United States will begin to work actively with other contracting parties to resolve in a favorable manner the issues relating to Taiwan's GATT accession. Because China, our tenth largest trading partner, could also make an important contribution to the global trading system, I will seek to have the Chinese Government take steps on trade reform so that China's GATT application can advance and its trade practices can be brought under GATT disciplines through the Working Party formed for China in 1987. U.S. support for Taiwan's accession to GATT as a customs territory should in no way be interpreted as a departure from the long-standing policy of five administrations which acknowledges the Chinese position that there is only one China, and that Taiwan is part of China.

In sum, therefore, I am prepared to address the concerns you and your colleagues have identified, and I am doing so. But discontinuing MFN, or attaching conditions to its renewal, would cause serious harm to American interests and would render futile pursuit of the initiatives I have outlined, which are discussed in greater detail in the attachments. Working together, I believe we will best protect America's interests by remaining engaged with China and the Chinese people.

Sincerely,

GEORGE BUSH.

P.S. At the recently concluded G-7 Summit in London, the leaders of these Western Democracies all urged renewal of MFN.

THE WHITE HOUSE,
Washington, November 5, 1991.

Hon. MAX S. BAUCUS,
U.S. Senate,
Washington, DC.

DEAR MAX: I appreciated receiving your views on the importance of following through on the issues we addressed in our last exchange of letters regarding the People's Republic of China. It is clear that we continue to agree that the best way to make progress is for the Administration and Congress to continue to work together.

We need to be firm with the Chinese about our expectations, and, at the same time, encourage them to take positive steps. There has been some positive movement since my last letter to you, but we all should recognize that forward movement very likely will be incremental and could well be complicated by setbacks along the way. Nonetheless, I am determined that U.S. policy encourage China to move in a positive direction.

We are taking strong, yet measured, action against the Chinese, including in the areas you mentioned—market access, apparel imports, and prison labor. We are also working actively with GATT contracting parties to resolve issues of Taiwan's GATT accession. The details of these actions are attached.

There is no question that MFN is the wrong tool to bring about change in China. I think we both are in complete agreement on that. I think we also agree that a strong China policy that vigorously addresses our concerns while continuing to engage China gives us the best hope for encouraging reforms while protecting our own national interests.

I welcome your support and look forward to continuing to work together to bring about positive change in China.

Sincerely,

George Bush.

MARKET ACCESS

U.S. trade agencies were instructed last July to press vigorously our concerns about unfair Chinese trade practices with the Chinese government. In talks with PRC Vice Minister Tong Zhiguang August 20-23, the U.S. outlined for the Chinese a series of tangible steps that would begin the process of dismantling trade barriers. Because the Chinese were unable to respond definitively to these proposals before the end of our August discussions, a September 30 deadline was set for an official response. Every consideration was given to the Chinese response received September 30, but after U.S. trade agencies determined that it did not meet the requirement that China make commitments to take substantial measures to improve market access, the U.S. Trade Representative self-initiated a Section 301 investigation.

Four principal market barriers will be investigated, including selected sector-specific and product-specific import prohibitions, import licensing requirements, and technical barriers to trade as well as failure to publish laws and regulations pertaining to restrictions on imports. Under the 1974 Trade Act, as amended, the investigation of Chinese practices normally must be concluded within twelve months. If it is determined at the end of that investigation that the barriers under review burden or restrict U.S. commerce in an unreasonable or discriminatory fashion, the U.S. has the right to impose retaliatory trade action against China.

APPAREL IMPORTS AND PRISON LABOR

The Customs Service's unprecedented action associated with apparel imports demonstrates the Administration's determination to enforce federal laws applicable to the import of Chinese goods. Moreover, this action is testament to the Administration's resolve to implement the commitments in the President's July 19 letter to Senator Baucus to use the instruments available to enforce

the law and to pursue U.S. policy objectives with the Chinese. Vigorous action to protect American interests and uphold the law in these cases will continue to be taken.

The U.S. has serious concerns about the export of Chinese goods produced with prison labor. The Department of State and the U.S. Customs Service have been actively pursuing steps to prevent importation of Chinese prison labor products. On September 23 a Chinese commitment was received to negotiate an understanding on procedures for the prompt investigation of allegations that specific imports from China were produced by prison labor. The U.S. will press for a rapid conclusion to those negotiations.

The Chinese issued an official statement October 10 reiterating the national prohibition on export of prison made products.

If Chinese prison labor products have entered the U.S., it has been through a network of middlemen, including trading companies in China and abroad, that makes it difficult to trace such shipments. Cooperation of authorities in the PRC and with U.S. business people is needed to eliminate any such exports at their source. In an effort to reach out to new sources of assistance and information in achieving this objective, the Commissioner of the Customs Service held a public hearing on November 1, 1991 in Washington in order to expand awareness of the problem in the trade community and among the public.

At the same time, the U.S. will continue to do its utmost to prevent the entry of any prison labor product from China. The U.S. Customs Service has undertaken a range of short- and medium-term measures to block the entry into the U.S. of Chinese prison labor products. In his July 19 letter to Senator Baucus, the President noted the U.S. would prevent entry of products from China when there is a reasonable indication that such products were produced by prison labor. The Customs Service issued orders on October 4 to detain any shipments of certain Chinese merchandise (wrenches and steel pipe) that are believed to be produced by prison labor in China. We take our obligations in this matter seriously.

TAIWAN'S GATT APPLICATION

The Administration is working actively with other GATT contracting parties to resolve the issues relating to Taiwan's GATT accession. It has been made clear in discussions with other governments that the United States supports Taiwan's accession to GATT as a customs territory and that we want GATT contracting parties to resolve this matter favorably. This position in no way implies a change in the long-standing U.S. policy that acknowledges the Chinese position that there is only one China and that Taiwan is a part of China.

ACHIEVEMENTS OF THE PRESIDENT'S ENGAGEMENT STRATEGY, FEBRUARY 1992

HUMAN RIGHTS—MODEST PROGRESS

Our human rights dialogue has yielded modest results, with much more to be done;

China has given us a name-by-name response on our prisoners list; we are seeking more information;[1]

Some dissident relatives and dissidents have received exit permits; others have not. We are holding the Chinese feet to the fire on their assurance to the Secretary that all those without criminal proceedings pending would be allowed to leave;[1]

China has published regulations banning the export of products of prison labor and is negotiating with us an MOU providing for investigation of charges that the Chinese are exporting such products to us;[1]

Tibet has seen a gradual lessening of tensions and a reopening of tourism there;

China has acknowledged the legitimacy of a human rights dialogue and named a counterpart for regular consultations with us; and[1]

We are using this exports dialogue to push for further reform.

NON-PROLIFERATION—THE CHINESE ARE MOVING FORWARD

Agreed in writing to observe Missile Technology Control Regime (MTCR) guidelines and parameters;[1]

Are on track to accede to the Nuclear Non-Proliferation Treaty by April;[1]

Participating in the President's Middle East Arms Control Initiative and supporting the South Asian nonproliferation regime;[1]

Supported the placement of IAEA safeguards on the nuclear reactor that China is building in Algeria;[1]

Supported the UN consensus on elimination of Iraqi weapons of mass destruction.[1]

TRADE—CHINESE ADDRESSING OUR CONCERNS

Agreed in January to improve significantly protection of U.S. patents, copyrights, and computer software;[1]

Averted possible imposition of sanctions by the Federal Maritime Commission by agreeing to allow U.S. shipping companies to establish branch offices in China and to engage in normal business activities;[1]

U.S. exports to China increased by about 30 percent in 1991;

China was the fastest growing Asian market for U.S. exports last year;

A third round of negotiations, under our Section 301 investigation of Chinese market barriers, is being held February 24-26.[1]

GLOBAL/REGIONAL ISSUES—CHINA SHARES COMMON GROUND WITH THE UNITED STATES

Cooperated with efforts to find a comprehensive political solution in Cambodia—Chinese support, particularly with respect to containing the Khmer Rouge, is very important;[1]

Supported separate UN seats for South and North Korea, opposed North Korea's effort to develop nuclear weapons, and shares our objective of reducing tension on the Korean peninsula;[1]

Supported the international consensus during the Gulf crisis, including sanctions enforcement;

As a permanent member of the UN Security Council and with more than one billion people, China is key to our international pursuit of proliferation of weapons of mass destruction issues, arms sales transparency agreements, and for continued cooperation on regional issues.

Mr. BAUCUS. The essence of this policy is that the United States will pursue carefully tailored policy tools to win reform in China. At the same time, the United States will continue MFN in order to nurture vital commercial ties with China. This policy is often referred to as "constructive engagement."

With this new policy in place for nearly 6 months and the Senate once again moving toward a vote on China's MFN status, it is appropriate to examine the results on three key issues: First, trade; second, weapons and nuclear proliferation; and third, human rights.

INTERNATIONAL TRADE

Under the guise of an austerity campaign launched in 1988, China became the most protectionist nation in the world. China allowed—in fact, sanctioned—piracy of United States intellectual property, particularly pharmaceuticals and computer software. This piracy cost the United States close to $1 billion per year in lost export opportunities.

But the piracy of intellectual property is only the tip of the iceberg. China has imposed a web of new trade barriers, including import bans, import licenses, quotas, and discriminatory testing requirements, to exclude the exports of the United States and other nations.

Not surprisingly, the United States bilateral trade deficit with China ballooned. In 1991, our trade deficit with China reached $12 billion—exceeded only by the United States deficit with Japan.

In last July's letter, the Bush administration articulated a new trade policy toward China. The central premise of this policy is that if China expected continued access to the United States market for its exports of toys and apparel, it must open its market to United States exports. Two separate unfair trade actions were launched—one on intellectual property piracy and one on trade barriers generally.

The case on intellectual property was successfully resolved a few weeks ago. After the United States threatened to block some Chinese exports to the United States unless the piracy ceased, China agreed to sweeping new patent and copyright protections. The new agreement protects U.S. films, computer software, drugs, agrichemicals, and other products.

Though we must carefully monitor implementation of this agreement before judging its results, all U.S. intellectual property industries have hailed the agreement as a major breakthrough. The agreement is concrete evidence that the United States can win reforms in China if it pursues carefully targeted policies, rather than conditioning or cutting off MFN.

But much work remains to be done in the trade area. The broader unfair trade action on Chinese trade barriers has still not been resolved. The case was formally launched last October. Under United States trade law, the administration has a full year to resolve the case before it is obliged to retaliate against Chinese exports to the United States.

But I see no reason to wait that long. We have been negotiating with the Chinese over these trade barriers for many months. If an agreement is not reached by late this spring, the President should retaliate against Chinese exports to the United States.

On a related issue, the administration has promised to stop allowing

[1] Denotes actions taken since July 1991.

China to dictate United States policy toward Taiwan. In particular, the administration pledged to strongly support Taiwan's application to join the General Agreement on Tariffs and Trade, a step that is clearly in the best interest of both the United States and Taiwan.

The administration has been working behind the scenes to prepare the way for Taiwan's application. But it is time to now launch a much more public effort. China cannot be allowed to dictate United States policy toward Taiwan.

I ask unanimous consent that a letter from United States Trade Representative Carla Hills detailing our trade policy toward China appear in the RECORD at this point.

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

U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, DC, January 30, 1992.

Hon. MAX S. BAUCUS,
U.S. Senate, Washington, DC.

DEAR SENATOR BAUCUS: With debate over China's Most-Favored-Nation (MFN) trade status once again about to begin in the Senate, I want to stress in the strongest possible terms the President's and my continuing commitment to maintaining unconditional MFN for China. I would like to bring you up to date on several fronts where the Administration has made progress with the Chinese as outlined in the commitment that the President made in his letter of last July 19.

MFN now underpins a U.S.-China trade relationship that exceeds $23 billion in two-way trade, with a substantial and growing market for U.S. aircraft, wheat, fertilizer, cotton, and wood products among others. Trade with China has led to the creation of thousands of jobs for U.S. workers and farmers, and, it has helped to underwrite the current prosperity of Hong Kong.

We nonetheless continue our efforts to resolve the serious trade problems that we have with China. As instructed by the President last July, U.S. trade agencies, including USTR, have taken vigorous measures to rectify those problems. At the direction of the President, I ordered the initiation of a Special 301 and investigation into China's intellectual property rights practices and a Section 301 investigation into the denial of access for U.S. exports to Chinese markets. The Administration has also taken vigorous action with regard to Chinese textile transshipments.

These policy measures have begun to bear fruit. We concluded an agreement with China on January 17 that will considerably improve protection for copyrights, patents, trade secrets and other U.S. intellectual property. In the process, the Chinese have agreed to join two major international conventions for the protection of intellectual property and to make significant changes in their laws and regulations to implement the stipulations both of these conventions and of our bilateral agreement.

As you know, because of this agreement, the two leading industry associations, PMA and IIPA, both came out strongly in support of renewal of unconditional MFN.

In the current 301 investigation into market access questions, we are also pressing China to make significant structural changes in its still highly protectionist trade regime and to eliminate market barriers to U.S. exports. In this regard, we have asked the Chinese to bring their trade regime up to international standards as expressed by the principles and stipulations of the General Agreement on Tariffs and Trade (GATT). Although our talks with China on market access issues have just hit full stride, we have made some initial progress in beginning the process of reducing prohibitively high tariffs, import licensing requirements, and in improving transparency.

The Customs Service has increased greatly its investigation into suspected illegal Chinese textile transshipments. Moreover, recent raids on importers of Chinese textiles in the United States should provide an additional deterrent to fraud. Substantial charges have been made against China's textile quotas, and the Chinese have been informed that additional countermeasures may be necessary.

The Administration is continuing to work with our trading partners to resolve the issues associated with Taiwan's accession to the GATT. I believe that Taiwan's accession to the GATT will make an important contribution to the global trading system and continue to support it. At the same time, it is clear that China's entry into the GATT would also be of benefit to the international trade community. It is also clear, however, that before China can accede to the GATT as a contracting party, China must demonstrate that it has complied with GATT requirements.

I urge you to continue to support unconditional MFN for China. As always, I look forward to working with you in our efforts to encourage China to improve its foreign trade regime and to become a full member of the international trade community in good standing.

Sincerely,

CARLA A. HILLS.

WEAPONS AND NUCLEAR PROLIFERATION

Mr. BAUCUS. For several years, the entire civilized world has shuddered at reports that China was selling dangerous nuclear and missile technologies into unstable regions.

Reports of Chinese sales of long-range missiles to Syria and Pakistan and nuclear technology to Iran raised the specter of nuclear conflict in the Middle East. The Western World demanded that China observe international accords limiting such sales.

In particular, the United States pressed China to sign the Nuclear Non-Proliferation Treaty [NPT]—which regulates sales of nuclear materials—and to abide by the Missile Technology Control Regime [MTCR]—which regulates sales of missiles.

As a result of pressure from the United States and other Western nations, China has agreed to sign the NPT and to abide by the MTCR.

Just a few weeks ago, China finally provided the United States with a letter that formally committed China to abide by the MTCR. After studying the letter, the State Department is convinced that it does block further exports of Chinese missiles. And, in response, the United States lifted sanctions imposed on China for previous missile sales.

But the administration has committed to carefully review China's actions to ensure that China lives up to its written promise. And, if violations are found in the future, trade sanctions can be reimposed or increased.

We should keep in mind, however, that on this issue and others removing MFN would be counterproductive.

If China is unable to sell its goods in the United States market, it will look for ways to earn hard currency. One of the most obvious options would be selling even more weapons to eager buyers around the world. Cutting off MFN would also effectively eliminate United States influence in China. The net result, is likely to be more sales of dangerous missile technology, not less.

Further, we must keep in mind that even our closest allies, such as Germany and France, have occasionally sold dangerous weapons and materials into the Middle East. Remember, Iraq's nuclear weapons effort was possible largely because of technologies materials purchased from German and French companies. Yet, no one has suggested denying France or Germany MFN treatment. No one has made that suggestion because it is understood that MFN is the minimum trade treatment we extend to all of our trading partners, not some special benefit we extend only to our closest allies.

Chinese weapons sales are better addressed through diplomacy and targeted sanctions. Firing off the MFN blunderbuss would only set back our efforts to curb Chinese sales of weapons and nuclear material.

HUMAN RIGHTS

I am disappointed with the progress that China has made on human rights. We all remember the horrible images of the massacre in Tiananmen Square.

The administration agreed last July to continue sanctions and employ its diplomatic leverage to win freedom for China's political prisoners, including those from Tiananmen Square.

In the last few months—thanks largely to U.S. pressure—we have seen the release of a few political prisoners and a rough accounting of the fate of most political prisoners.

Hopefully, this is a sign that progress is being made. But make no mistake about it, China has a very long way to go.

Until China releases the prisoners of Tiananmen Square, ties with the United States will remain strained. Western business will likely remain hesitant to invest heavily in China and Hong Kong until China greatly improves its human rights record.

The only way for China to put the tragedy of Tiananmen behind it is to release all the Tiananmen prisoners.

The United States must continue to put diplomatic pressure on China toward that end. This pressure should include continued opposition to multilateral lending to China.

In blatant violation of United States law, China has also exported goods made by prison labor—including political prisoners—to the United States.

Morally, the United States cannot allow itself to in any way support China's system of political oppression.

Last summer, the President agreed to step up efforts to block Chinese exports of goods made with prison labor.

These efforts have borne fruit. The Custom's Service has seized exports apparel, tools, tea, diesel engines, and a number of other products suspected of being made with prison labor. It has also set up an office to investigate claims that imported goods may be made with prison labor. The United States is also seeking to negotiate an agreement with China to end all exports of prison labor goods and allow the United States to make inspections in China to enforce the agreement.

Here again, more remains to be done. But we are making progress. Hopefully, we can soon be assured that the United States consumer is not being made an unwitting accomplish to China's system of political oppression.

MFN IS THE WRONG TOOL

But the conference report we have before us today ignores the progress that has been made and takes a large step in the wrong direction.

Simply put, MFN is the wrong tool to make progress with China.

Though it is hailed as a compromise, this legislation still imposes some 17 conditions on extensions of MFN for China. The 17 conditions are all aimed at laudable goals. I personally support the objective behind every condition.

But the simple fact is that China is still ruled by a totalitarian government that is not willing to make sweeping changes simply because we demand it. Unfortunately, China's totalitarian rulers seem to see release of political prisoners as endangering their hold on power. And they would prefer to lose MFN status rather than relinquish control of China.

And if the United States retaliates by cutting off China's MFN status, United States exporters and proreform forces in China will be devastated.

The effect of cutting of MFN will be to impose Smoot-Hawley tariffs on China's exports. China will almost certainly retaliate by cutting off billions of dollars in United States exports of wheat, fertilizer, and aircraft—putting thousands of Americans out of work.

Worse yet, cutting off MFN will break the vital tie between the United States business community and entrepreneurs in southern China. With these business ties come contact with Western ideas like freedom, democracy, and human rights.

It is no wonder, as was reported in Newsweek recently, that southern China is the hotbed of reform in China. As a number of leading Chinese dissidents have argued, breaking this tie would be a severe blow to proreform forces in China.

In essence, conditioning or cutting off MFN might make us feel good, but it certainly would not do good.

I ask unanimous consent that the Newsweek article just referenced and a recent article from the New York Times appear in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From Newsweek, Feb. 17, 1992]

CHINA'S RENEGADE PROVINCE

(By Frank Gibney, Jr.)

In downtown Guangzhou (Canton) recently, highschool students clapped dutifully at the unexpected arrival of a foreign visitor. Then their history teacher pointed to the lesson of the day, written on the blackboard: Why China Chose the Socialist Road. They giggled. Nowhere in China does old-time propaganda sound more stale than in go-go Guangdong. Students in this southern province are choosing a different road. They aim to be managers of joint ventures with foreign investors. Their favorite singer is Michael Jackson. Their favorite TV shows are American dramas and the news from nearby capitalist Hong Kong. And their choice for biggest event of 1991: "The end of the Soviet Union . . . and 70 years of communism there," in the words of one 16-year-old. "It's very difficult to teach socialism these days," sighed their political studies teacher.

And how. Ever since Deng Xiaoping launched China's market-oriented reforms in 1979, Guangdong has always stretched the outer limits. The economy is growing faster than nearly any other in the world—27.2 percent in 1991. The 1989 Tiananmen Square crackdown has hardly slowed the boom; Deng himself, on a recent two-week tour of Guangdong, called the region "Asia's fifth tiger." But can he cage it? Economic miracles have a way of disobeying politicians. From Hong Kong and Taiwan, pop novels and freewheeling newspapers slip easily over Guangdong's porous borders. Guangdong's leaders, confronted with Beijing's intransigence, know better than to dream of outright independence. But the pace of Guangdong's economic change may be enough to whirl it out of Beijing's orbit.

Guangdong has always had a special relationship with the world outside China. Emigration gave the province a foothold in dozens of countries; one town, Taishan, has only 96,000 residents—and 1 million relatives overseas. The tightest ties are with Hong Kong, most of whose residents are former refugees from Guangdong and still speak the same Cantonese dialect. That makes Hong Kong the easiest—and most dangerous—source of independent information. Beijing authorities have tried to impose a ban on antennas that can pick up Hong Kong television, but to no avail. To Beijing's dismay, jamming television signals during the spirited Hong Kong elections last year also didn't work: freelance electronics experts from the People's Liberation Army offered antijamming services to anyone who could pay.

And in Guangdong, people can pay. More than 2 million residents work in foreign joint ventures, making small fortunes by Chinese standards. Evidence of Guangdong's fast-lane corporate culture is everywhere at hand. The parking lot at the Aide Electric Rice Cooker plant overflows with Mercedes-Benz cars. Managers in the executive dining room toast their clients with glasses of pricey Courvoisier. The company recently shelled out $150,000 for a new discotheque for its workers, replete with a state-of-the-art Japanese sound system and strobe lighting. These flamboyant private businesses have left the public sector far behind; state enterprises now account for just over one third of Guangdong's economy.

State ideology, too, is becoming irrelevant. "the party is here, but we really don't notice them," says Li Hongkai, manager of a Japanese motorcycle retailer. Some Communist Party branches have caved in to practicality: they hold management-training courses rather than drilling their members on Marx and Mao. One municipal party committee recently went so far as to hold its biannual convention in capitalist Hong Kong. Guangdong's politicians bristle at the notion of tighter political control from Beijing. "What have they invested here?" asks Zeng Guangcan, deputy director of the province's economic-reform commission. "We pay for our railroads, our highways, our power plants." A planner for a state company puts the point even more bluntly: "they have no right to tell us what to do."

WILD APPLAUSE

Yet Guangdong politicians know they have to move carefully. Nobody breathes a word about formally renouncing communism or declaring independence from Beijing. But neither do they hesitate to stand up for Guangdong's rights. Ye Xuanping, the province's powerful former governor and one of China's few truly popular politicians, has managed to keep Beijing at arm's length. In September 1990, when Prime Minister Li Peng announced a plan to recentralize fiscal control over the provinces, Ye stood up and boldly denounced the notion. The other governors applauded wildly. Last year Beijing finally succeeded in kicking Ye upstairs to a post in the central government. But he still spends most of his time in Guangdong, and under his protection the province continues to enjoy unusual political leeway. Many of China's democratic reformers took refuge in Guangdong after the crackdown in Tiananmen Square.

Beijing's worry is that upstarts in Guangdong will encourage others. The interior regions of China used to resent Guangdong's privileges; out of spite, Hunan province prevented Guangdong's trucks from transporting coal and grain over its borders. These days the provinces are converts. "We're all heading to Guangdong to learn from them," says one provincial representative who operates out of Hong Kong. Foreign companies such as Procter & Gamble and Avon are using Guangdong as a springboard to China's billion-strong consumer market. And Guangdong, in turn, is exporting to its poorer brothers. "Guangdong is beginning its own investment push into China," says one economist for a state-run company. "This will be one of the biggest economic trends in the '90s." That smacks of real capitalism—and even looser reins. Deng clearly meant his tour of Guangdong last month as a signal to his lieutenants to speed up the pace of economic reform, but he won't let Guangdong do everything it want to do. He's still capable of restraining Asia's fifth tiger—but maybe not forever.

[From the New York Times, Feb. 24, 1992]

CHINA IS SOFTENING ITS ECONOMIC LINE

(By Nicholas D. Kristof)

BEIJING, February 23.—In a strong sign of shifting political winds in China, the official

press is abruptly attacking the hard-line attitudes it espoused for the last two years and has started instead to call on the nation to emphasize economic growth and even adopt useful elements of capitalism.

The pirouette was reflected in a front page essay in today's editions of People's Daily, which in the past carried mostly dour warnings against Western subversion. Today's article, headlined "Opening up to the world and using capitalism," was the boldest in a monthlong flurry of signals that change-minded leaders may be gaining the upper hand over ideologues.

DENG'S INFLUENCE CITED

"All of modern Chinese history has demonstrated that China can travel only the socialist road, not the capitalist road," the article began. "At the same time, recent world history shows us that economically backward nations—especially those with long histories of feudalism—must correctly use capitalism, rather than rejecting it out of hand. Only by critically absorbing those elements of Western culture that are useful to us, rather than disdaining them, can we prosper and flourish."

The wave of recent editorials apparently reflects a push by Deng Xiaoping, the 87-year-old paramount leader, for China to devote more energy to becoming prosperous and less to remaining ideologically pure. The Politburo is believed to have confirmed this moderate line, and the new articles are a signal that the hard-liners are losing control even over the newspapers that they have dominated for more than two years.

Still, political fashions in China often change quickly, and it is unclear whether the recent articles reflect a major and irreversible trend to speed up economic liberalization. Even if economic growth is back at the top of the agenda, there is no hint that the regime will release political prisoners of tolerate challenges from Tibetan separatists or underground Catholic priests or disgruntled university students.

Calls for ideological vigilance and tributes to model Communists generally filled the front pages in the two and a half years after the June 1989 crackdown on the Tiananmen democracy movement. The crackdown, in which the army killed hundreds of protesters and wounded thousands more, was accompanied by the rise of hard-line leaders who installed their lieutenants as editors of the major newspapers.

The People's Daily article appears days before the United States Senate's vote, scheduled for Tuesday, on renewing most-favored-nation trade status for China. The Administration is urging the Senate to renew the favorable tariff treatment, continuing President Bush's policy of trying to change China's behavior on human rights, arms sales to the third world and other issues by contact rather by confrontation and punishment.

NO SHIFT ON RIGHTS SEEN

While there is no evidence of any major change by China on human right, on economic topics there is no doubt that a switch has taken place. The People's Daily article published today called for tolerating a measure of capitalism in the Chinese economy, and gave a ringing endorsement of stock markets and other practices associated with the West.

On Saturday, People's Daily carried a front-page editorial calling on the nation to focus more attention on economic development—and, by implication, give less attention to the Marist ideology that the same newspaper has emphasized since the rise of the hardliners in June 1989.

Also on Saturday, the official Guangming Daily filled most of the top two-third of the front page with a call to "liberate our thinking, deepen reform, open the door more widely." It was a dizzying change in emphasis for a newspaper that just last month carried a front-page appeal for universities to select students more on the basis of loyalty to Communism.

Mr. Deng began the new drive for reform with a trip last month to the southern Chinese special economic zone of Shenzhen. Mr. Deng called for more rapid change and went out of his way to praise Shenzhen, which is a symbol of economic experimentation and has shown spectacular increases in prosperity but also in prostitution and drug abuse.

The tide shifted apparently in part because Mr. Deng and other leaders determined that the best way for China to avoid the fate of the Soviet Union is to make people richer, and in part because other octogenarians who take a harder line are too feeble to fight back.

Today's article in People's Daily carried the byline Fang Sheng, which is almost certainly a pen name of an individual or a group of people in the central leadership. The fact that it was published on a Sunday—when almost no one reads in newspaper, which is delivered to offices and factories rather than homes—suggests that a Politburo member may have ordered the top editors to publish it but that they did their best to insure that as few readers as possible would notice it.

"Using capitalism includes developing an appropriate capitalist economy within our country; as a useful supplement to the socialist economy," the article said. "As our country is in only the preliminary stage of socialism, it is impossible to wipe out capitalism completely, and some exploitation will linger for a long while. So the important thing is to improve our guidance of these phenomena, and direct them onto a course where policy allows them."

Many elements of today's long article had appeared previously in one place or another, but they had not been combined with such force or clarity. The tone throughout sounded like a rebuke to the hardliners.

In particular, the article indicated that most Communists now acknowledge the need to use foreign capital and technology.

"On other matters, it seems that there are still some differences," the newspaper said, in a clear reference to hard-liners who are wary of capitalist influences. The article added that instead of fearing contacts with the West, China should expand exchanges "to enrich our culture."

"In the past we took the tortuous path of sealing oursevles off from the world and refusing to use capitalism.," the essay declared, in a reference to the Maoist, era. "Leftist errors and other factors were behind this, but they have nothing to do with socialism. On the contrary, in principle socialism means an open system and a reform-oriented economy."

A People's Daily editor said by telephone that the essay today was not an editorial or a commentary, but simply an "article." He said he did not know the identity of the author.

Wu Guoguang, a former People's Daily editorial/writer now studying at Princeton University, said he could recall only one other case in the last 15 years in which the newspaper carried a front-page commentary with a byline that was a pen-name. The other one was arranged by Mr. Deng's family and published last year, and Mr. Wu said an essay like today's would have to have the approval of a top leader.

A Western diplomat suggested that the growing number of reform-minded editorials reflect the new line following a Politburo meeting that is believed to have been held about a week ago.

"But at the same time," the diplomat added, "it's only words."

CONCLUSION

Mr. BAUCUS. I hope that the letter that the President sent to Congress in July outlining a new policy can provide the basis for a strong consensus on China policy.

Advocates of employing MFN to address our concerns with China have done us all a service by drawing attention to China policy. Senator MITCHELL, in particular, deserves praise.

But I fear the continuing debate gives Chinese leaders the mistaken impression that there is support in the United States for China and its policies. There is no support for China's current policies. The only debate is over means, not ends. As I said at the outset, there is a consensus that China's behavior must change.

Unfortunately, the debate on MFN for China may further obscure the underlying consensus.

Barring some dramatic change, the outcome of this instead of further debating MFN.

That policy should include continuing to engage China through trade. At the same time, we should vigorously use all appropriate policy tools to demand reform in China.

I yield the floor.

Mr. BENTSEN. Mr. President, I yield 12 minutes to the distinguished Senator from Delaware.

The PRESIDENT pro tempore. The Senator from Delaware [Mr. BIDEN] is recognized for 12 minutes.

Mr. BIDEN. Mr. President, I am going to address myself solely to the weapons proliferation section of the bill. The chairman of the Finance Committee knows a great deal more about the other provisions, and maybe even this one, than the Senator from Delaware does. I spent a great deal of time on this one provision, and I would very much like to suggest I strongly support the bill's other stipulations concerning human rights and trade but Chinese proliferation practices have been a matter of my special concern for some time now.

I would also like to thank the majority leader for agreeing to convene a secret session of the Senate this afternoon. I understand that is an unusual process, and I appreciate him considering my request.

This morning, I will outline my arguments concerning the importance of what I will call the Mitchell-Biden provision in the bill, the provision on weapons proliferation. This afternoon, I will buttress that argument with specific intelligence information, and I hope my friend from Montana will be there and others who have a keen interest in this subject and I believe with

every fiber in my being, that this is a debate not about the ends but about the means. I would like to discuss some of the intelligence means, if you will, in the secret session which I acknowledge is unusual but it is the only forum that I know that can assure that all Members are aware of everything I am aware of and they can draw their own conclusion.

Once that case has been heard in secret session, I believe that there will be few Senators, if any, who will find it possible in logic or I suspect in good conscience to oppose the weapons provisions. Nor having heard the case do I think it will be possible for any Senator to understand how the Bush administration can logically oppose such a provision. These provisions do no more than lock in the pledges to which the Senator from Montana and others have already spoken, pledges that Beijing has now formally made to the United States, pledges on the basis of which the administration acted last Friday, with my support—not that they needed it—with my support to lift sanctions against certain Chinese companies.

In effect, the contract has been sealed, Mr. President. But later today, Senators will understand more fully that without the provision in this bill that I am referring to, there is a real likelihood that dangerous Chinese proliferation practices, practices directly contrary to United States interests, will resume.

I think it is no exaggeration to say, Mr. President, that it would be the height of irresponsibility to ignore the case that will be made later today. Moreover, I assure my colleagues that over time it will not be possible to ignore that case. Today will mark the point beyond which there can be no excuse on the part of any in this Chamber for ignorance of the sobering facts of Chinese proliferation practices in the past and intelligence estimates of the past, the present and the future.

Let met reiterate, Mr. President: Today will mark the point from which the Senate will know the point beyond which only negligence of information—or negligence of its probable consequences—could possibly explain passivity on this issue.

The case, Mr. President, is straightforward. It concerns the proliferation of modern, medium-range ballistic missiles to two of the most dangerous and volatile countries in the Middle East.

Just how lethal the particular weapons in question may be, how they could tip the balance in the Middle East, and how they could eventually threaten American lives can be discussed in open session later this afternoon.

But let there be no mistake this morning; we are dealing here not with an abstract problem. Our subject is weapons of a capability far greater than any Scud missile ever possessed by Saddam Hussein. Our subject is weapons which, if transferred, would pose a direct and discernable threat to the vital interests of the United States, the vital security interests of this country.

Mr. President, it is clear that China's leaders see the missile business as an important source of hard currency. Because they do, we know that only strong pressure from the West will inhibit the Chinese from making these sales. Such pressures must be designed to force China's leaders to engage in a cost-benefit analysis, and to see that China's interests will suffer if they do not cease and desist and abide by their agreement.

The Mitchell bill forces Chinese leaders to choose between a weapons market that can be denominated in the hundreds of millions of dollars and the American consumer market in which China enjoys a $15 billion annual surplus.

By forcing China's leaders to make that choice, this bill provides the leverage necessary to stop future arms sales that can imperil not only American allies but also American troops.

Mr. President, in recent years, the international community has undertaken several efforts to stem the proliferation of weapons of mass destruction. The Nuclear Nonproliferation Treaty has been strengthened by increasing membership, which has helped to limit dangers on the demand side, and the so-called nuclear suppliers group has been formed to ensure restraint on the supply side of nuclear technology.

Meanwhile, the Missile Technology Control Regime has intensified restraints against the spread of potent delivery systems.

Finally, Mr. President, the so-called Australia group has worked to limit the availability of technology necessary for the production of chemical and biological weapons.

I applaud all of these efforts. Indeed, Mr. President, I wish we were doing more. I have, for example, on this floor evidenced my severe disappointment that the administration has done only the minimum possible in response to the congressional mandate enacted a year ago, that we seek to create a multilateral arms supplier regime that would limit the transfer of highly lethal conventional weapons to the Middle East.

But that is a discussion for another day. What we are considering today is the opportunity and the imperative of acting to stop a clearly identifiable and immediate threat. We have a problem of major proportions, Mr. President, which I will lay out in stark detail in the secret session this afternoon. Fortunately, though, we have a sufficiently potent solution to meet the problem, and our task is simply to apply the solution.

After years of resistance, China has finally agreed to sign the NPT and has pledged to join the major Western powers and also Russia and the other commonwealth States in abiding by the Missile Technology Control Regime.

The problem is that, by the evidence of experience and the evidence of current intelligence data, which we will discuss this afternoon, the Chinese will not live up to those regimes unless they know that a violation will entail serious consequences.

The Mitchell bill embodies policies that are both flexible and strong. It would not—I emphasize, it would not—upon enactment require termination of China's MFN status, and it is flexible enough to allow MFN extension this coming June if the President certifies China's "overall significant progress" on proliferation has been made. If China abides by its recent pledges, that certification can be certainly made.

At the same time, the Mitchell bill requires a definite MFN cutoff if China sells fully manufactured missiles—or nuclear weapons technology—to Syria or Iran. It thereby provides a powerful deterrent against any temptation by China's leaders to proceed with such extremely dangerous transfers.

Just how strong that temptation is, Mr. President, and just how effective congressional pressure has proven to be are matters for discussion in secret session this afternoon.

For now let me specifically reiterate the terms of the Mitchell-Biden provision. Under it, the President can extend MFN in June 1992 if two conditions have been met:

First, China must not have transferred M series missiles or nuclear weapons technology to Syria and Iran, and thus far China has not.

Second, the President must certify that China has made "overall significant progress" in curbing weapons proliferation. Although China's recent sales of nuclear and missile technology are troublesome, and we will discuss that this afternoon, China's pledges to abide by MTCR and NPT represent progress. If China fulfills its pledge, the President can make this certification.

In sum, on weapons proliferation, the Mitchell-Biden provision is far from draconian, as some would have us say, and clearly is no blunderbuss because all we are asking them to do is abide by what they have already promised to do. If they do that, MFN is secure.

On the contrary, it simply provides the leverage that should be sufficient to convince the Chinese to live up to their pledges and without which the Chinese can be expected to consider violating their pledges in spirit if not in letter, and I will speak to that this afternoon as well.

In the realm of dangerous weapons proliferation, enactment of this bill will have one of two consequences. The

likely consequence is that it will serve to induce China's compliance with international standards, at a time when proliferation in the Middle East could be perilous in the extreme. In the alternative, China will pay an onerous and well-warranted price.

Mr. President, Beijing's leaders have made a formal pledge to the Bush administration. As to this date, nothing in the Mitchell-Biden provision requires a cutoff of MFN. If China upholds its pledge, nothing in this provision will interfere with China's MFN trade status.

Surely, if China breaks that pledge, even the Bush administration, despite all its fondness for quiet diplomacy, would be prepared to respond to such a blatant irresponsibility.

I, therefore, Mr. President, urge my colleagues understand that this provision does no more than lock in, by stipulating a clear and unwavering sanction, the pledges that China has already made to this administration.

We have heard much about the new world order, Mr. President. The Senate today can take a constructive step to help ensure that we do not let another genie out of the bottle that could help destroy the new world order before we have even begun to explore its full potential.

This is not a time for Senate acquiescence but a time for Senate action to ensure that the pledge from Beijing, a pledge that bears vitally on U.S. security interests, is adhered to with the full rigor of a solemn obligation. Let us do no less.

This afternoon, Mr. President, I strongly urge my colleagues to come and listen to the detail and make their own judgment about the intelligence data.

I thank the Chair. I thank the chairman.

Mr. PACKWOOD. Mr. President, I yield 5 minutes to the Senator from Alaska.

The PRESIDENT pro tempore. The Senator from Alaska [Mr. MURKOWSKI] is recognized for 5 minutes.

Mr. MURKOWSKI. I thank the Chair. I thank my colleague.

ISOLATION OR CONTACT?

Mr. President, this is the third year in which I have come to the Senate floor to debate United States relations with China, in the context of the tragic events of June 1989 in Tiananmen Square. The question that we—as legislators—have been debating for these 3 years is whether it is in the best interest of the United States to turn our backs and isolate China until she changes her ways, or to maintain our contacts in order to promote the reforms and freedoms we think are missing in China.

Mr. President, the advocates of the bill before us, the United States-China Relations Act of 1991, must believe that isolation is the way to achieve our goals. I think that is indeed unfortunate. Although they say that H.R. 2212 will grant most-favored-nation status to China, they know that conditional MFN is the same as denying MFN. The Chinese have stated publically that they will not only refuse to accept conditional MFN, but they will also retaliate immediately.

Isolation is not the way to force change in the People's Republic of China. The only way to make the hardline Communist leaders in Beijing reform, is to keep up the pressure on them through contact, trade, tough negotiations, and targetted sanctions. I know this, the President knows this, and the Senate must show that it too knows this by defeating this bill.

Mr. President, the old guard China is watching the reforms in the Soviet Union. If they are successful, then they themselves, in China, will have to reform. But if we isolate China, they will dig in even deeper. We will have to wait for a new opportunity.

Mr. President, the question is how long.

Mr. President, every Member of Congress is rightfully concerned with China's record on human rights abuses, unfair trade practices, and weapons proliferation issues.

No one is more concerned about these issues than I. As vice chairman of the Intelligence Committee, and ranking minority member on the East Asian Subcommittee of Foreign Relations, I am committed to seeing these issues addressed. And so is the administration. That is why over the past 3 years they have implemented a series of targeted sanctions that directly address the problem we face with China. These sanctions have produced results in the areas of human rights, trade and proliferation. More remains to be done, but it is clear that pressure and engagement are paying off.

REASONS TO ENGAGE

The loss of MFN, which this bill would cause, will seriously affect American business interests. In 1991 alone, the United States exported over $6 billion worth of goods to China, and this is a growing market. Thanks to tough negotiations led by the U.S.T.R., China is improving its record on violations of copyright laws, intellectual property rights, and market access. But taking away MFN will lead to retaliation and increased tariffs. This will cost American business and American consumers.

But it will not faintly hurt China. No other nation is considering revoking MFN for China, so our important export market will just shift to our competitors. It will shift to Japan. In times of large trade deficits, we do not need to lose another market. More importantly, how will the United States use this to pressure to change China?

We also know that the loss of MFN will hurt the very people we are trying to assist in China, those who believe in the power of the free market, a decentralized economy, and interaction with the outside world. As many as 200,000 reform minded Chinese could easily lose their jobs and livelihood if MFN is revoked.

Loss of MFN will do irreparable damage to the economy of Hong Kong. The people of Hong Kong are already reeling from the fact that they will return to China in 1997. As the largest single investor in Hong Kong, other than China, the United States must do everything in its power to provide a stable and prosperous society in Hong Kong.

WEAPONS PROLIFERATION

All of these are good reasons to continue our relationship with China. But none of them are as compelling to me as the issue of missile proliferation.

I share the deep concern of other Senators regarding China's practice of selling weapons of mass destruction to any country willing to pay. There is no excusing the record—it shows Chinese sales of missiles, chemical and biological weapons, and nuclear technology to some of the most irresponsible and dangerous regimes in the world.

I agree with those who believe this is the most serious single issue straining United States-Chinese relations. As bad as some of China's behavior has been, it does not directly threaten United States national interests and security; directly, that is. But missile and nuclear sales to renegade governments certainly do. This is not simply China's business, it is our business and it is the world's business.

Consequently it is this issue that should be the focus of our concern in considering whether to continue MFN status for China.

I am pleased that the administration has made a major effort in exactly this direction. Both Secretary Baker and the President focussed on this issue in recent meetings with the Chinese. I believe they have achieved a breakthrough. China has publically made two pathbreaking commitments: First, to sign the Nuclear Nonproliferation Treaty by April; and second, to accept the terms of the Missile Technology Control Regime. This is real and significant.

The administration has achieved results and now the Senate should act to put those results in concrete by approving MFN without conditions. If the Senate fails to do so, China will have no reason or excuse to restrain its proliferation behavior.

Understandably, there will be many in this Chamber who are skeptical regarding Chinese good faith in fulfilling these new commitments. I share these suspicions—but we cannot test China's intentions by rejecting MFN. As vice chairman of the Intelligence Committee, I pledge to you that I will monitor China's compliance with the NPT and

the MTCR very closely. If I detect a pattern of violations I will be the first to come to the floor and demand our policy toward China be reconsidered.

CONCLUSION

Ending most-favored-nation status for China would—most importantly—reduce our ability to influence change in China.

China is not a nice country. It is the largest, the most powerful remaining Communist nation in the world. With the downfall of communism in Eastern Europe and the Soviet Union, America must seek a similar change of government in China. The most recent news coming from Beijing shows that China realizes just what a tough spot it is in. It is beginning to promote economic reform and end its hardline policies of the past 3 years. We must do all in our power to make sure these changes come about. And we must do it through example, interaction, and tough policies. Passage of this bill will only promote isolation.

Thank you, and I yield the floor.

Mr. MOYNIHAN. Mr. President, I yield 6 minutes to the distinguished Senator from Ohio.

The PRESIDENT pro tempore. The Senator from Ohio [Mr. METZENBAUM] is recognized for 6 minutes.

Mr. METZENBAUM. Thank you, Mr. President.

I thank my good friend.

Mr. President, I rise in strong support of the conference report on MFN conditions for China.

I see this issue before the Senate again is like waking from a recurring nightmare. Over and over, we pass legislation intended to express United States outrage at China's human rights record.

Yet, over and over, President Bush calls in his political chips and sends out his top lobbyists to defeat these initiatives.

First, it was the Chinese students bill, which would have given student refugees from the Tiananmen Square crackdown a safe haven here in the United States.

The President thought that extending Chinese students' visas in the United States would insult the Chinese leadership. The students' families and friends were being jailed and killed back in China, but in Washington, President Bush was more concerned about insulting the Beijing politburo.

More recently, the President leveled his guns on the legislation before us today, legislation which conditions renewal of China's most-favored-nation trading status on progress in its relations with the United States.

Trade is an important issue for the Chinese. China is running a multi-billion-dollar trade surplus with the United States.

How much of that trade is in goods manufactured by slave labor? How much from prison camp labor?

President Bush does not seem to care. And so this MFN bill, like the Chinese students bill, has faced fierce Presidential opposition every step of the way.

Mr. President, State Department staffers reportedly joke that the desk officer for China is President Bush himself. The President is a former United States Ambassador to China and he has asked us to trust his expertise. Since the Tiananmen crackdown, he has asked for our confidence and our patience because progress in China "would be forthcoming."

Congress and the American people were loath to sit back in the face of a massacre, but our President counselled patience—progress was coming he said. That was in 1989. This is 1992, and progress is tough to find.

Mr. President, what has happened since Tiananmen Square? Let us look at the facts:

National Security Adviser Brent Scowcroft was seen toasting Chinese leaders a short time after the crackdown. This was the progress Bush predicted?

Later, China stonewalled our trade negotiators on access to Chinese markets and protection of United States copyrights. What does this mean? Put simply the Chinese have flooded the United States with cheap, forced-labor products at favorable tariff rates, while closing their own domestic market to the United States. Similarly, the Chinese enjoy making use of inventions under foreign patents, but do not feel any need to pay for this use. For nearly 2 years since the crackdown, the Chinese have not budged on these issues. Is this the progress President Bush promised?

In the wake of the Persian Gulf war, shipments of Chinese-made weapons—including missiles—have made their way to a range of Middle East governments. Curbing the Middle East arms race and restoring stability to the region is one of America's highest foreign policy priorities. Yet China seems to be taking any and all bids for rearming the region.

Are these Chinese arms shipments part of the progress Bush assured?

In the years since the Tiananmen crackdown, Chinese leaders have been seen around the world indignantly protesting that human rights in China is strictly a matter for the Chinese.

A matter for which Chinese? For the Chinese people? Clearly not.

While democracy gallops forward around the world, China is taking great leaps backward into the political stone age.

Does President Bush see any progress in this Chinese arrogance?

Mr. President, the Prime Minister of China, Li Peng, offered the best answer yet to those asking about progress in China. Sitting at the first U.N. Security Council summit in over a generation, Prime Minister Li denounced human rights criticisms—while President Bush sat across the Council table from him. Li stated, in effect, that the world should mind its own business. This, from the man who personally directed the Tienanmen massacre.

What was President Bush's response to this hypocrisy? Bush rewarded Li with a private meeting.

The leader of the free, post-cold-war world sat down for a chat with the leader of the last remaining "evil empire."

Mr. President, where is the progress President Bush promised on China? Where was the progress at the United Nations? Where is the progress on arms control? Where is the progress on trade?

And most importantly, where is the progress Bush has promised on human rights? Human rights from a government that is responsible for one-fourth of the world's population.

Mr. President, the Senate failed to garner a veto-proof margin when it voted on this legislation last July 23. That vote was a stain on the record of this institution. The fact that a veto is promised for this legislation is a stain on the Bush administration's foreign policy.

Before us today is a watered-down version of the original China MFN legislation. The conference report before the Senate is, in effect, a second chance for this institution to raise its voice for human rights in the People's Republic of China.

Mr. President, this human rights bill has been trimmed and slimed in order to pass the Senate of the United States. It is a shame that tough human rights legislation cannot pass the Senate intact. but this seems to be the fact of the matter today.

Mr. President, there has been no progress in China. President Bush's policy has failed.

If we are the last remaining superpower in the world, the leader of the new world order, then it is time we stand up and take the lead on China.

Mr. PACKWOOD addressed the Chair.

The PRESIDENT pro tempore. The Senator from Oregon [Mr. PACKWOOD].

Mr. PACKWOOD. I yield myself 15 minutes.

The PRESIDENT pro tempore. The Senator is recognized for 15 minutes.

Mr. PACKWOOD. Mr. President, let us try to put this debate in perspective, if we can, as to what most-favored-nation status is, because it sounds like we are giving China a preferred status that very few other countries have.

As a matter of fact, most-favored-nation status has been granted by the United States to almost every country in the world. If it were not to be granted to China, it would be an exception to the rule, rather than making China unique in receiving it.

Most-favored-nation trading status means simply this: You will treat each

nation as favorably as you treat any other nation. If we allow cars to be imported into the United States with a 2½-percent tariff, then no matter where they come from, if that country has most-favored-nation status, they will come in on a 2½-percent tariff. That is basically what it means.

What is the history of it? After World War II, we extended most-favored-nation status to most of the world. Then with the Communist takeover in Eastern Europe, and the development of the Iron Curtain, we said it will not be extended to Communist countries. And that status continued for the better part of a quarter of a century.

Then in the mid-1970's, we passed the Jackson-Vanik amendment. Under Jackson-Vanik even Communist countries can get most-favored-nation status if they will allow free emigration. We did not condition it on observance of human rights. We did not condition it upon weapon sales abroad, not do we do it for any other nations in the world. We said: If you will let your people out, even if you are Communist, then you can get most-favored-nation status.

So now again, let us understand the situation. All of the countries initially got it. And we said Communist countries cannot have it. And then we said Communist countries can have it if they will allow free emigration. But the President, each year, would have to certify that they were allowing the free emigration. If Congress did not like the certification, they could disapprove, it, and they would not get it. But then, if the President vetoed our disapproval, they would get it. That is the background of most-favored-nation status.

Under that, we gave the most-favored-nation status to some of the most repressive dictatorships in Latin America: Chile, under the generals; Argentina; Brazil, countries whose records of civil rights in those times were as abusive as any in the world.

We, today, even though we have trade embargoes, grant the most-favored-nation status to Syria, Iran, Iraq, Libya—bastions of democracy, all. And these are countries that are involved in the buying or the selling of weapons—selling, if they have them; buying them, if they do not.

So to say we are going to hold China to a do-you-sell-weapons standard or a human rights standard, and not hold other countries in the world to the same standard, in my mind, begs the question.

For years, MFN status was not extended to the Soviet Union, and has not been yet, because the Soviets never approved the trade agreement. The Soviets are now seemingly allowing free emigration. China also allows free emigration. China's problem is not that her people cannot get out; the world will not take them in. They use up their quota in the United States every year as to how many Chinese we let in. They have free emigration.

If we want to enter into a debate about changing the standards of most favored nation, that is a fair debate. Whether or not we should change it ad hoc for one country, because we are mad at the country, is another matter.

I do not think we should change the standard for just one country. But if we are going to change it so that it includes violations of human liberties, so that it includes weapons sales, then we will be lucky if a quarter of the countries in the world are on the most-favored-nation list.

If countries are going to have to have sort of our Bill of Rights, sort of our free speech, sort of our trial by jury, sort of our self-incrimination privileges, or they do not get most-favored-nation status, then you could write out, I think, every country in Africa. There may be an exception, but not one I can think of now.

You could write out all of the Middle East, except Israel. You could write out, more or less, part of the countries, part of the time in Asia, depending upon the phase of the moon they are in. Sometimes they are democratic; sometimes not.

You would probably include in the most-favored-nation status most of Western Europe. Whether or not you would include all of the countries of Eastern Europe—some already have it, even when they were Communist—would be problematical. Certainly, we would not have it extended to very many nations.

Let us consider the two arguments raised against China. One is weapons proliferation. Yet, we have publicly known for years that China was selling arms and ballistic missiles to Iran, Iraq, Saudi Arabia, and Pakistan.

For example, on April 4, 1988, the Washington Post reported the sale of intermediate-range ballistic missiles to Saudi Arabia from China. In addition, the article stated:

> The Chinese have made their biggest sales to Iran and Iraq, and recently became the largest arms supplier to Iran.

This is the Washington Post in 1988. A month later, the Washington Post on May 14, 1988, reported on the extent of Chinese arms sales to Third World countries. The article reported that between 1980 and 1987, China signed $11.2 billion worth of arms agreements with the Third World, with almost 75 percent of this figure going to Iran and Iraq alone.

Mr. President, I have a number of these articles, and I ask unanimous consent they be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Apr. 4, 1988]

CHINA BOOSTS ARMS SALES IN MIDEAST

(By Daniel Southerland)

China's sale of intermediate-rang ballistic missiles to Saudi Arabia is only one of a growing series of arms sales that earns Beijing much-valued foreign exchange and political influence, underscoring what diplomats believe is its position as at least the fifth-largest weapons supplier to the Middle East.

Only nine years ago, China was a minor actor in the divided, oil-rich region, selling less than 1 percent of all the weapons pouring into the region. Today, the Chinese sell arms to a number of antagonistic nations, such as Iran and Iraq, without seeming to lose favor in any one of them.

"They probably look more benign than either the Soviets or the Americans," said a western diplomat. "I suspect the Chinese are going to get away with this in a way that the superpowers never could."

China's military budget has declined in relative terms because the country is putting most of its funds into economic development. Instructed to pay for much of its own modernization, the military has engaged some of the country's best brains and well-connected sons in its drive to earn foreign exchange by selling weapons abroad.

Western diplomats who have studied the issue say that when it comes to deciding who is allowed to buy Chinese weapons, a key factor in most cases is whether the buyer can pay for the weapons.

According to one estimate, weapons sales represented 8 percent of China's total export earnings in 1986. Overseas arms sales totaled at least $2 billion in 1986, with most of that derived from Middle East sales.

But as a western diplomat pointed out, dollars are not Beijing's sole determinant for sales. "China is also seeking long-term influence and recognition as a major player."

China's Communist Party chief Zhao Ziyang and other Chinese leaders have stressed repeatedly that "China will never get involved in the superpowers' arms race."

This may be true when it comes to nuclear weapons, but China has entered the race to sell conventional weapons with a vengeance.

China is still far from being in the same class with the world's top arms salesmen—the Americans, Soviets, French, and Britons. But China competes well in poor nations because it can offer durable, easy-to-use arms at much lower prices than those charged for sophisticated western weapons.

According to experts, the Chinese have made their biggest sales to Iran and Iraq, and recently became the largest arms suppliers to Iran. They have sold weapons to Libya, and at one time, even made a short-lived deal with Lt. Col. Oliver L. North, the fired National Security Council aide, to send weapons to the contra forces in Nicaragua.

The Far Eastern Economic Review, a Hong Kong-based magazine, reported that North negotiated the deal in late 1984 at a meeting with a Chinese defense attache in Washington. The Chinese later reversed themselves and cut off the contra aid after deciding to befriend the Sandinista government, a diplomat said.

Chinese spokesmen have denied selling Silkworm missiles to Iran or small arms to the contras, but in both cases, diplomats say they have conclusive evidence of the deals.

Under the late Chairman Mao Tse-tung, China sought political influence among developing countries by donating arms rather than selling them. But once Beijing launched its economic development drive following Mao's death, the country became more concerned with earning hard cash.

Western experts are still uncertain, however, as to where all the money from the weapons sales goes. They do know that some

of it is used to purchase western technology for the Chinese armed services.

In the Middle East, the turning point for Chinese arms sales came in the summer of 1979 when President Anwar Sadat disclosed that Egypt was buying 50 jet fighters from the Chinese. The Egyptians subsequently purchased Chinese missiles, patrol boats, and submarines. Egypt eventually developed a strong military relationship with the United States, and became less dependent on Chinese arms.

But the Chinese found new opportunities with the outbreak of the Iran-Iraq war in 1980 and made their first sale of tanks, artillery and small arms to Iraq in 1981.

By the mid-1980s, China had developed half a dozen corporations that now compete aggressively with each other for overseas arms sales. Western experts believe that the most successful of these is Poly Technologies Inc., a subsidiary of CITIC, China's largest and most independent investment organization.

Some sources believe that it was deeply involved in arranging the sale of Silkworm missiles to Iran. Its present is Hu Ping, the son-in-law of senior leader Deng Xiaoping. Hu is said to work closely with He Pengfei, who is director of the equipment department of the People's Liberation Army and son of the late marshal He Long, one of China's foremost generals.

The two form part of an informal network of politically well-connected executives who give added clout to China's overseas arms sales drive to at least 30 nations.

Western experts say Latin America may become the new frontier for Chinese arms salesmen. Beijing has been trying to break into this market for several years and has had initial successes in Chile, experts say.

A European arms dealer said that in the coming years, the Chinese are likely to expand their sales of naval equipment, including frigates, which are much larger ships than what the Chinese normally sell.

The same dealer said the Chinese have succeeded in selling their low-cost fighter planes to a number of developing countries, cutting into the American and West European share of that market.

"For the price of one American F16, they can buy maybe eight or ten Chinese F7s," he said.

At the same time, several of the experts say the Chinese sometimes fail to provide adequate after-sales services, including maintenance, spare parts, and pilot training.

Despite such difficulties, some western experts believe the Chinese can buy more influence and good will through arms sales than the superpowers, partly because the Chinese appear to be less threatening. Contact with the Chinese could lessen the dependence on the superpowers by some countries in the Middle East.

As Francois Heisbourg, director of the International Institute for Strategic Studies, pointed out in a recent article published in the International Herald Tribune, "it is easier for China to make diplomatic incursions in a region like the Middle East, where it has no declared enemies, than in its own backyard . . ."

The Chinese have long been driven by a desire to minimize Soviet involvement in the Middle East.

One of China's foreign policy weaknesses, however, has been a lack of diplomatic relations with Israel. The Chinese cannot be full partners in prospective Middle East peace negotiations without more contact with Israel, some diplomats say.

[From the Washington Post, May 12, 1988]

U.S. PLANS TO SELL F18S TO KUWAIT; PURCHASE WOULD BE FIRST BY AN ARAB COUNTRY

(By David B. Ottaway)

The Reagan administration is planning to sell Kuwait the Navy's newest and hottest aircraft, the F18 fighter-bomber, which has never been sold to an Arab or other Third World nation, according to Defense and State department sources.

Assistant Secretary of State Richard W. Murphy disclosed Tuesday during testimony before a House Foreign Affairs subcommittee that Kuwait had notified the administration, apparently that day, of its desire to purchase the advanced aircraft.

U.S. officials said Kuwait wants to buy 40 F18s and that the administration will notify Congress soon of its intention to proceed with the sale.

Murphy indicated Tuesday that the administration had warned Congress of the possibility that Kuwait might seek F18s rather than the less sophisticated but versatile F16s, which the United States is selling to Bahrain, another Arab Persian Gulf state.

The F18 sale, if not blocked by Congress, would mark a new stage in the increasingly close U.S.-Kuwaiti security relationship since the administration decided last year to commit naval forces to protect from Iranian attack 11 Kuwaiti tankers placed under the U.S. flag.

The F18, made by the McDonnell Douglas Co., has been sold only to Canada, Australia and Spain, according to Robert J. O'Brien, the firm's director of communications here.

O'Brien said Kuwait had considered the General Dynamics F16, the F18 and "at least one European airplane" before deciding on the F18. One reason that the Kuwaitis may have preferred the F18, he said, is that it is a two-engine, rather than single-engine, plane.

Another reason for the Kuwaiti choice, according to Defense and State department sources, is that Kuwait has two squadrons of aging A4 Skyhawks, a plane also used by the U.S. Navy. "The F18 is compatible with their existing system and training," a State Department official said. "It's an issue of compatibility."

The F18 has a combat radius of more than 500 nautical miles, which would allow it to fly from Kuwait almost to the Strait of Hormuz at the other end of the Persian Gulf and to strike deep into Iranian territory, if necessary. Kuwaiti tankers and territory repeatedly have come under Iranian missile attack since the Iran-Iraq war began in 1980, but Kuwait has never struck back.

The "fly-away" cost of a single F18 sold to the Navy is $17 million, making the Kuwaiti deal worth at least $680 million. If pilot training, maintenance and accompanying weapons are included, as they are expected to be in this case, the price would be considerably higher, according to O'Brien.

O'Brien said Kuwait wants to purchase the aircraft under the U.S. Foreign Military Sales Program, which means that the Pentagon would manage the whole contract.

Meanwhile, a Congressional Research Service study of Third World arms transfers became available yesterday and disclosed for the first time U.S. estimates of China's extensive arms sales to Iran and Iraq.

Between 1980 and 1987, it said, China signed nearly $8.2 billion worth of agreements with the combatants, 74 percent of its $11.1 billion in sales to all Third World countries.

The report, compiled by national defense specialist Richard F. Grimmett and calculated in terms of current dollars, said that, from 1980 through 1983, China signed $3.6 billion worth of arms agreements with Iraq alone, 61 percent of its total $5.9 billion with all Third World nations.

During the same period, it sold Iran arms valued at $505 million, bringing sales accords with the two belligerents to 69 percent of the total.

In the 1984–87 period, however, when the value of China's total Third World arms sales was put at $5.2 billion, more than $2.5 billion, or 49 percent, went to Iran alone. Iraq still accounted for $1.5 billion, or 30 percent of China's total arms transfers, in that period.

The Soviet Union was Iraq's leading arms supplier, however, signing agreements worth $18.5 billion from 1980 to 1987 and making actual deliveries to the Iraqis worth nearly $20.3 billion.

China's percentage of total arms transfers to Iran and Iraq during this period was only 13 percent, compared with 31 percent for Western European nations.

[From the New York Times, June 11, 1987]

MAJOR DEALS CITED IN CHINA-IRAN ARMS

(By Edward A. Gargan)

European and Asian diplomats here have provided new evidence that China, despite its denials, has sold substantial numbers of weapons to Iran, including missiles, jet fighters and field artillery.

Chinese officials, who consistently assert that Beijing is neutral in the Iran-Iraq war and that it does not sell weapons to either side, repeated the denials again today.

"Those reports are sheer fabrication," said Li Jinhua, a spokeswoman for the Foreign Ministry. "The Chinese Government maintains strict neutrality in the Iran-Iraq war and is making efforts to urge Iran and Iraq to put an end to the war."

United States officials have said China has provided Iran with the Silkworm missile, a surface-to-surface weapon that can strike oil tankers and warships in the Persian Gulf. Frank C. Carlucci, President Reagan's national security adviser, said on Saturday that the United States did not believe China's statements denying it had sold missiles to Iran. [But Howard H. Baker Jr., the White House chief of staff, said in Venice on Wednesday that he accepted Beijing's denials. Later, a White House official said Mr. Baker had been mistaken in his comments.] Kuwaiti Request Being Studied At the same time, the Chinese Foreign Ministry acknowledged that Kuwait had asked China to consider allowing Kuwaiti tankers to be registered under the Chinese flag. The ministry said the request was being studied.

The United States plans to place half of Kuwait's 22-tanker oil fleet under protection of the American flag.

Many diplomats here say China has sold up to $2 billion in arms to Iran over the last two years. A Kuwaiti newspaper report quoted in a Hong Kong newspaper, as well as two diplomats here, said China had received oil in exchange for the arms.

Among the arms China is thought to have sold Iran are Chinese-made field guns, Chinese versions of the Soviet MIG–19 and MIG–21 fighters and Chinese-manufactured T–59 tanks, also a copy of a Soviet design. Information on those arms was provided by one diplomat but could not be confirmed by others.

Much of the evidence cited by diplomats here is fragmentary, but the diplomats say there is no longer any doubt that large qualities of Chinese arms have been shipped to Iran, with much going through third countries.

Last year, an Asian diplomat said, a shipment of Chinese weapons was sent to Iran through North Korea. A second shipment, the diplomat said, was moved through Hong Kong. Another Asian diplomat, who often travels to Pyongyang, said today that North Korea was a common conduit for arms shipments to Iran.

Chinese officials, according to American diplomats, have maintained that they had nothing to do with selling arms to Iran, but that North Korea had done so on its own. This assertion, however, has been rejected by Washington.

ISSUE RAISED BY ARAB LEAGUE

Last month, a seven-member delegation of foreign ministers from Arab League nations visited Beijing and raised the issue of Chinese arms sales to Iran with Chinese officials at every level, according to an Asian diplomat.

Several Western European businessmen in Beijing said China had offered to trade oil in exchange for their products rather than make a straightforward cash purchase. An American oil executive here said today: "It's Iranian oil. That's what they're using."

Asian and European diplomats said China could use Iranian oil in trade arrangements only if it had more oil from its arms sales than it needed.

According to an Asian diplomat, China's interest in selling arms to Iran has far less to do with financial gain than with strategic interests. China, the diplomat said, wants to use Iran as a counterweight to the Soviet Union and to Soviet influence in Afghanistan.

Iran's Foreign Minister, Ali Akbar Velayati, is to visit Beijing on Friday after a visit to North Korea.

[From the New York Times, July 25, 1987]

CHINA MAY ABSTAIN IN IRAN VOTE IN U.N.

(By Edward A. Gargan)

China will probably not block an effort by the United Nations Security Council to impose an arms embargo on Iran, but it will continue to provide to provide military support to the Iranians nonetheless, according to Western diplomats here.

Two diplomats here said China would probably abstain from any vote on an arms ban. The United States has said it is likely to present a resolution within two months to impose an arms embargo on either side in the Iran-Iraq war that does not accept a cease-fire. Iran has already rejected a truce. It is widely believed among Western diplomats here that China has supplied Iran with large numbers of weapons, including anti-ship Silkworm missiles, and will continue to do so regardless of what the Security Council decides.

China insists routinely that it has not sold weapons or missiles to Iran or Iraq.

U.N. TRUCE CALL ON MONDAY

Two weeks ago, Vernon A. Walters, the United States representative to the United Nations, was in Beijing to discuss the Security Council resolution calling for an end to the Iran-Iraq conflict, and he expressed optimism then that China would support that Council action. A resolution calling for an end to the seven-year war was unanimously adopted Monday.

An American diplomat who is familiar with Mr. Walter's discussions with Chinese officials said the question of Iran's refusal to abide by a Security Council resolution had not been discussed. "There have been no discussions as to what will happen if the Iranians do not accept the resolution," the diplomat said.

But the diplomat said there was no reason to believe that the Chinese would block further Council action. "Personally, I don't see China as being obstructionist," the diplomat said.

At the same time, the diplomat said China had indicated it wanted to give the United Nations Secretary General, Javier Perez de Cuellar, "adequate time" for mediation and for carrying out the first Council resolution before expressing a view on an arms embargo on either Iran or Iraq.

'TOO EARLY TO SAY'

Among European diplomats, several views were expressed in recent days. One diplomat said "it is still too early to say" what action China would take if Iran rejected the United Nations move.

But a second Western European diplomat, who discussed the issue with other diplomats this week, said it was likely that China would abstain from any vote in the Council calling for a ban on arms sales to Iran.

According to this diplomat, China believes that the Security Council may properly call for peace in the Persian Gulf but that it should not inject itself actively into the conflict by voting an arms embargo.

Nonetheless, a senior Latin American diplomat who discussed the matter this week with his colleagues said that while there was uncertainty over how China would react to a second Council action, "the Chinese need to appear supportive of the U.N. initiative."

There have been only the briefest reports in the Chinese press on the Council vote or on developments in the gulf, and there have been no commentaries elaborating on the Chinese position on the Council action.

BEIJING'S VIEW NOT GIVEN

The English-language service of the New China News Agency has reported the United Nations vote and has issued several reports on the re-registering of Kuwaiti oil tankers and the role of United States warships in escorting them, but it has pointedly not mentioned Beijing's views on the situation. Indeed, in a long dispatch filed from the United Nations, the news agency quoted the views of all members of the Council except China.

In recent weeks, a photocopied price list of Chinese armaments has circulated in the capital. A Middle East diplomat said he had been given the list, which he said represented very competitive prices for basic armaments.

Among the items on the list are a 107-millimeter rocket launcher for $21,000, an SAM-7 missile for $40,000 and a T-59 tank for $250,000. Also included are machine guns, MIG-21 fighter aircraft and steel helmets.

[From the New York Times, Aug. 8, 1987]

UNITED STATES TO SEEK ARMS EMBARGO AGAINST IRAN THROUGH THE UNITED NATIONS

(By Elaine Sciolino)

The United States has begun new consultations on a resolution at the United Nations Security Council that would seek to impose an arms embargo on Iran for its continuation of the war with Iraq, State Department officials said today.

Also at the United Nations, Iran's chief delegate Said Rajaie-Khorassani, said that he had told Secretary General Javier Perez de Cuellar that he still had no instructions on whether Iran would accept a previous United Nations resolution, passed last month, demanding an immediate cease-fire in the Persian Gulf conflict.

The United States began formal consultations with other Security Council members this week, and it has begun drafting language for a resolution that would impose a global arms embargo on either party in the war that refused to accept a cease-fire.

Since Iran has refused to accept a cease-fire unless President Saddam Hussein of Iraq is overthrown, the embargo, which has little chance of passing, would affect only Iran.

According to United States intelligence officials, Iran has bought weapons valued at $1 billion so far this year and may have acquired as many as 100 Chinese-manufactured Silkworm anti-ship missiles.

NEW ESCORT OPERATION

Meanwhile, Pentagon officials said the American naval escort of three more Kuwaiti tankers would begin in the next few days, even before the arrival of minesweeping helicopters and other protective forces in the gulf.

Initially, the United States was to have delayed the new escort until after Iran completed naval maneuvers near the strait of Hormuz and until after the arrival of eight minesweeping helicopters, in about five more days, Pentagon officials said. They gave no reason to account for the start of the new escort operations without the added minesweeping protection.

Within the next several weeks, the United States will have about 24 naval vessels and more than 15,000 American military personnel in the gulf and in the Indian Ocean, the largest deployment in the region since the early days of the Iranian revolution of 1979.

Later, Administration officials said, the battleship Iowa will sail to the Arabian Sea to relieve the battleship Missouri, with both ships being on station there briefly toward the end of the year. The Iowa, now in port in Norfolk, Va., will spend about three months in the Mediterranean before going to the Arabian Sea. The Missouri is to arrive in the region later this month.

Despite the increased American naval presence, Secretary of State George P. Shultz told a Senate appropriations subcommittee today that the United States has no intention of being drawn into the Iran-Iraq war. He also said that the Administration does not intend to invoke the 1973 War Powers Act to justify its gulf policy.

SHULTZ DEFENDS GULF POLICY

Mr. Schultz defended the policy of putting Kuwait tankers under American naval protection, saying it was intended to guarantee the free flow of oil to the West and "to make sure that states that are friendly to us are not intimidated by Iran."

His testimony came as 114 members of Congress were completing preparations on a lawsuit seeking to invoke the War Powers Act, which limits a President's authority in sending American military personnel into situations of "imminent hostilities."

The United States, which has taken the lead in the United Nation's effort to bring about a cessation of hostilities in the gulf, appears to be losing patience with Iran's failure to respond to the cease-fire proposal.

Mr. Perez de Cuellar, who was asked by the Security Council to mediate between the two sides, has been unsuccessful in arranging a meeting with Iran to discuss a cease-fire. A meeting scheduled two weeks ago in Geneva between the Secretary General and Iran's Foreign Minister, Ali Akbar Velayati, was canceled by Iran.

WE HAVE TO BE PREPARED

"We hope we won't have to use this measure, but have to be prepared just in case," a State Department official said of the initiative to impose an arms embargo.

It is highly unlikely that China, and perhaps the Soviet Union, will agree to such a

sanction. China is Iran's largest arms supplier, and its arms industry is an important source of hard currency.

In the first seven months of this year, China sold about $400 million of arms to Iran, according to United States intelligence officials. In addition to the Silkworm missiles, China has delivered multiple rocket launchers, artillery pieces and anti-aircraft missiles this year.

The officials said there is some evidence, however, that China may be reducing its arms sales to Iran because of American pressure and widespread publicity.

DANGEROUS WATERS

As for the Soviet Union, Foreign Minister Eduard A. Shevardnadze said in Geneva today that it was premature to discuss sanctions.

"Let's not run ahead of events," Mr. Shevardnadze said at a news briefing. "As far as the sanctions are concerned, let's see how the mission of the Secretary General, Mr. Perez de Cuellar, comes out."

Mr. Shevardnadze said that the gulf waters were growing more dangerous every day and called for the withdrawal of foreign warships, notably those of the United States.

"We have to work to remove the military presence," he said. "I have in mind the naval units of the great powers, including the United States."

PROPOSAL BY ITALY

Baghdad has said it will accept a total cease-fire if Teheran does. It has rejected any partial cease-fire that might include hostilities in the gulf, but not the land war. In response to pressure by the United States, Iraq has temporarily stopped attacking ships in the Persian Gulf.

Also today, Italy asked the Security Council to consider an initiative to clear mines from the gulf, according to an official statement issued after a Cabinet meeting in Rome.

The Security Council will informally meet to discuss the proposal early next week. But the idea is unlikely to win much support, especially from the United States, because any United Nations initiative would have to include the Soviet Union. The United States would like to avoid a further Soviet presence in the gulf.

Administration officials hope that a plan for joint European action to help clear the gulf of mines will emerge from the discussions, especially since a large percentage of the oil supplies of western Europe and Japan are imported from the Persian Gulf.

FOREIGN AFFAIRS; CHINA AND ARMS SALES

(By Flora Lewis)

China's sale of medium-range missiles to Saudi Arabia touched off a furor, evidently to Beijing's surprise. The official explanations are resentfully defensive.

They run along two lines. One is, "Why should anybody have the right to say who can sell and who can buy weapons? The U.S., France, Italy, Britain and Sweden sell weapons all around the Middle East. Why should China be excluded?"

The second argument, in the words of Vice Foreign Minister Qi Huai Yuan, who is responsible for Middle East affairs, is that the sale was "welcomed by Arab states" and "contributes to regional stability." He said that critics have "ulterior motives" in "not understanding China's policy." The missiles, called East Wind 3 by the Chinese and CSS-2 by Americans, were produced as nuclear launchers, the first intermediate-range missiles designed and made entirely by the Chinese. Their range is 2,500 to 3,000 kilometers, a big arc.

They are liquid-fueled, hard to prepare for use and poor on accuracy. U.S. Experts say that without nuclear warheads, the missiles aren't reliable against military targets and are virtually obsolete. The Chinese say they serve only as a deterrent for the Saudis, against possible attacks from Iran.

But all the more because of inaccuracy they are terror weapons. With heavy conventional explosives, or possibly with chemical agents, they could devastate cities. They are an escalation of arms technology in a bellicose, unstable region and could provide another turn in the spiraling Middle East arms race.

The Chinese argue that the range is not greater than that of planes provided by the U.S. to Saudi Arabia and Israel. Of course, there is no real defense against missiles, while air defenses are well developed.

Despite its principle of sovereign freedom in arms sales, China has extracted three key commitments from the Saudis. They are: no right of resale, only retaliatory use and no nuclear warheads, which China says it would never provide. But somebody else might one day.

Chinese officials say the Saudis are "responsible and moderate," and wouldn't break these undertakings. Still, nobody can guarantee this will hold indefinitely, in all circumstances. So the sale provokes serious questions about how such decisions are made here, and China's political criteria.

A major element is clearly money. China's military has been put in a tight budget squeeze. It comes last in the goal of "four modernizations" and yet, like the Soviet military production complex, it operates with great autonomy. Only military enterprises can keep all the foreign exchange they earn. Others have to remit half or more to the central Government. The military has made several billion dollars on arms sales, three-quarters to Middle East states, according to Western estimates.

Yet money is not the only point. Saudi Arabia is one of the few countries with diplomatic relations with Taiwan, not Beijing, and China would like to influence a switch. Also, China came to realize that the sale of its Silkworm missiles and other arms to Iran upset the Arabs. It apparently thought a better balance in its relations with Arab states could be restored by providing missiles to the Saudis.

China wants presence in the Middle East as a matter of status. Mr. Qi said that China has "no special interests in the region, but a big country should take a stand on these important questions," a fairly candid admission that power prestige for its own sake is important.

Though he denied it on the record, there is evidence that the Foreign Ministry was not much involved in the sale, initiated by the Saudi Ambassador to Washington, Prince Bandar bin Sultan, who arranged it here in deepest secrecy in 1985. The U.S., to its annoyance, learned about it only recently.

The worrisome conclusion is that the Chinese military simply failed to consider broader political, destabilizing consequences. There is subtle evidence that in the future the Foreign Ministry will be more seriously consulted.

That isn't good enough, given the hazards. China has reached a capacity to tip the balance in dangerous areas. Since it is determined to be considered a major power, it must be drawn into international consultations on responsibilities and results of arms escalation in dangerous regions.

Mr. Qi forcefully rejected that idea on grounds of unlimited national sovereignty. But China's interests would also be touched if conflict spreads. It wants to enter the world economy and world politics. It must accept that the role it seeks to play affects the partners it needs, and take account.

[From the New York Times, Dec. 13, 1989]

BUSH IS RIGHT ON CHINA

(By Michel Oksenberg)

As a centrist Democrat who advocates policies that advance our national values and our national interest, I am troubled by the eagerness of many fellow Democrats to score debating points off President Bush's China policy.

The President is accused of being a wimp, this time for dispatching his national security adviser, Brent Scowcroft, and Under Secretary of State Lawrence Eagleberger, to Beijing to "kowtow" before the Chinese.

In reality, President Bush's sending of the Scowcroft mission was an act of courageous leadership that his critics on other days claim he never exhibits.

The President decided to endure the predictable condemnations from the left and right. Further, he knew that dialogue at high levels in Beijing rarely leads to public agreements and that the results come out slowly. In the meantime, critics will point to the absence of immediate gains to prove the exercise was futile.

The principal reason that George Bush has given for Mr. Scowcroft's trip is persuasive: to maintain official contact with the leadership that is slipping into a position of dangerous isolation.

Governments throughout the world, including our own, appropriately and immediately responded to the brutality and callousness of China's leaders last June by condemning the gross violation of human rights, by ceasing high-level contacts and applying an array of costly economic sanctions that mostly still remain in effect. Foreign investment, scientific exchanges and tourism have all dropped precipitously.

The cumulative impact of these justifiable measures is taking hold. They have placed the hard-bitten and stubborn leaders in Beijing in a bind. But the measures also are creating a siege mentality.

It seems prudent in this context to do exactly what George Bush has done: To probe and to ascertain whether the pressure is inducing any flexibility and to discourage Deng Xiaoping and his associates from sinking into the totally isolationist and antiforeign posture that has all too often characterized China in this century.

While the events in China since June 1 are deeply abhorrent to us, the situation could easily become worse: even more oppression at home and a troublesome and recalcitrant China abroad. That is what the Administration is attempting to prevent, recognizing that additional pressure and continued absence of dialogue only increase the danger.

The continued tranquility and prosperity of East Asia depends upon China's constructive engagement in the region. In Indochina, Beijing has an indispensable role in influencing the Khmer Rouge and in forging a viable coalition government to bring peace to Cambodia.

China's arms sales policies obviously concern the U.S., especially in the Middle East. As China's foreign currency reserves drop, it is important to obtain renewed assurances that revenue shortfalls will not be remedied through weapons sales.

Finally, as the Soviet-American relationship undergoes fundamental change, it is im-

portant that both Washington and Moscow—not just Moscow through its improved channels with Beijing—inform the top leaders of China of what transpired in Malta. The burden is now on Beijing to help the Administration. Rather than directing fire at George Bush, bipartisan pressure should now be exerted on Beijing for what measures it now will undertake to halt continued deterioration in China-American relations.

Beijing should be urged to grant amnesty to demonstrators, acknowledge that the events of June were a tragedy, release an even incomplete list of the names of those killed in June, diminish the pointed criticisms of foreign ideas and influence and halt the oppressive climate that now pervades many universities and research institutes. These measures would begin to alleviate the quiet anger among the populace and make Beijing a somewhat more comfortable place for foreigners.

To signal an interest in joining President Bush's effort to keep the relationship alive, the Chinese could also take such steps as stopping the jamming of the Voice of America, allowing the dissident physicist Fang Lizhi and his wife to go abroad, resuming the Fulbright program and renewing negotiations over establishing a Peace Corps presence.

Unfortunately, since the June tragedy, Democrats have been swift to criticize but have offered no plausible alternative to the President's China policy. Instead, they have tended to indulge in the rhetoric of moral indignation, to treat the Chinese leaders as pariahs in world affairs and to advocate sanctions that our Asian allies are unlikely to sustain and that will therefore separate us from them on a key issue.

Not a single leading Democrat has seen fit to go to China to express his or her views directly. We have a right to expect more from a party that properly condemned the Reagan Administration for failing to have adequate contact with top Soviet leaders during his first five years in office, while Democrats boldly paraded to Moscow to plead the cause of human rights directly to Soviet leaders.

The result is that China policy has again become a partisan issue, as it was in the 1950's and 1960's. The President and moderate Republicans are defending a constructive relationship with the most populous nation on earth, while Democrats are drifting toward what appears to be a willingness to risk isolating China's Government and to court its animosity. This is bad politics and an abdication of statesmanship.

The American people are unlikely to support for long a policy that treats the leaders of China as the enemy and isolates them in world affairs. In terms of statesmanship, the U.S. tried to isolate China for 20 years, following the 1949 revolution. Its efforts ended in failure.

A centrist policy demands both condemnation for China's human rights violations and an unequivocal and repeated acknowledgment that we continue to share many interests with Beijing, repulsive as its deeds of June and thereafter are. And high-level consultations with the leaders in Beijing realistically are a necessary part of the process of making sure these principles and interests are served.

[From the New York Times, June 21, 1990]

ARMS SALES TO THIRD WORLD SAID TO DECLINE SHARPLY

(By Robert Pear)

Arms sales to the Third World decreased sharply last year as the United States, the Soviet Union, China, France and Britain found fewer buyers for their weapons, the Congressional Research Service reported today.

Over all, sales declined 24 percent, to $29.3 billion, the lowest level since 1983, the agency said. Arms sales to the third world totaled $38.4 billion in 1988.

The report shows a substantial decline in the value of weapons purchased over the last few years by 7 of the top 10 customers in the Third World, including Libya, Syria and Iraq.

The study lists three possible reasons for the changes: a "scaling back of regional conflicts," the heavy debt burden on third world countries and the fact that many nations are still "absorbing the weaponry they bought in the late 1970's and early 1980's."

WHERE IS THE MARKET?

The report, based on a wide range of classified intelligence data, suggests that United States arms manufacturers will have great difficulty using foreign sales to make up for cutbacks in military procurement at home, because the worldwide market is shrinking as the cold war winds down.

"Even oil-rich nations in the Third World have made more selective purchases in recent years as oil revenues have declined, and they have sought various concessions from suppliers," said the author of the study, Richard F. Grimmett, a defense specialist at the Congressional Research Service, an arm of the Library of Congress. "Where is the market for arms suppliers? If the cold war continues to wind down, you will see increasing competition over a very much reduced pie."

The trend is indicated by the fact that the United States delivered 179 supersonic combat aircraft to the Third World in the period from 1986 through 1989, compared with 321 in the previous four years. American deliveries of tanks and self-propelled guns dropped to 596, from 2,253.

Soviet arms sales to the Third World fell 21 percent last year, to $11.2 billion, while American arms sales declined 14 percent, to $7.7 billion, the report said. Chinese sales fell 52 percent, to $1.1 billion, the British arms sales were down 36 percent, to $3.2 billion.

BIG DROP IN FRENCH SALES

France, the third biggest supplier of arms to the developing world in the last decade, "suffered a massive decline" in the value of its arms sales, the study said. France signed contracts worth $300 million last year, down 90 percent from the $3.1 billion recorded in 1988.

Three months ago Administration officials said the United States and the Soviet Union were increasing foreign arms sales to their friends and allies in advance of agreements to reduce conventional forces in Europe. But those plans did not affect the 1989 data. Arms sales to members of the North Atlantic Treaty Organization and the Warsaw Pact would not affect the statistics in any event because the Third World, as defined in the study, excludes members of the two alliances.

China's arms sales to the Third World have declined steadily over three years, from $4.7 billion in 1987 to $2.3 billion in 1988 and $1.1 billion last year, the report said. Nevertheless, China has clearly established itself as a major supplier. In the period from 1986 through 1989, the total value of its sales to the third world exceeded the total for Britain, France or West Germany.

China is the main supplier of arms to Iran. The value of its arms deliveries to Iran has risen sharply in recent years, to $2.7 billion in 1986–89 from $570 million in 1982–85. The Soviet Union is the main supplier to Iraq. Soviet shipments to Baghdad declined, to $10.7 billion in 1986–89 from $11.4 billion in the previous four years.

SAUDI ARABIA THE TOP BUYER

Saudi Arabia topped the list of buyers last year, receiving $4.9 billion worth of arms deliveries, while Afghanistan ranked second, with $3.8 billion of deliveries, mainly from the Soviet Union.

Over the last eight years, "Saudi Arabia and Iraq have been, by a wide margin, the top two Third World arms recipients, receiving deliveries valued at $46.7 billion and $45.7 billion, respectively," the report said.

The Congressional Research Service reported a huge increase in arms deliveries to Afghanistan, from $2.5 billion in 1982–85 to $9.1 billion in 1986–89. The weapons have enabled the Kabul Government to hold off guerrillas armed by the United States.

SALES TO LIBYA FALL

Analyzing trends over the last decade, the report observed that arms deliveries to Libya fell 62 percent, from $9.1 billion in 1982–85 to $3.5 billion in 1986–89. Deliveries to Syria fell 44 percent, to $5.5 billion from $9.9 billion. And arms shipments to Iraq declined 35 percent, to $18 billion from $27.7 billion. The Soviet Union is the principal supplier to all three countries.

Patrick L. Clawson, the author of a recent monograph on Syria, said that the Soviet Union had urged Syria to abandon its goal of "strategic parity" with Israel and had become less willing to extend credit to Syria for the purchase of Soviet weapons.

Copies of the report can be obtained from the Library of Congress, Congressional Research Service, Washington, D.C. 20540.

[From the Washington Post, Aug. 5, 1990]

U.S. ENVOY SENT TO CHINA FOR TALKS ON GULF

(By Lena H. Sun)

The State Department's top expert on Asia, Assistant Secretary of State Richard Solomon, arrived here today to discuss the Iraqi invasion of Kuwait and other issues.

Solomon, who flew from Moscow where he had been traveling with Secretary of State James A. Baker III, is the highest-ranking U.S. official to visit China since the controversial secret mission last December by national security adviser Brent Scowcroft.

A spokesman for the U.S. Embassy here said Solomon is briefing Chinese Foreign Ministry officials on the Middle East situation as well as on the recent U.S. decision to drop diplomatic recognition of the Chinese-backed guerrilla alliance fighting the government in Cambodia.

Officials said the visit was in keeping with the joint call by Baker and Soviet Foreign Minister Eduard Shevardnadze for a worldwide arms embargo and other sanctions against Iraq to bring about a withdrawal of Iraqi forces from Kuwait.

Solomon met today with Foreign Ministry officials and is scheduled to have at least one more meeting Sunday before flying to Tokyo and Seoul. U.S. officials declined to comment on the substance of the talks.

It is unclear how much influence China has in the Persian Gulf region. As a member of the U.N. Security Council, Beijing has a diplomatic role, and in recent years has become one of the region's major arms sellers, supplying arms to both Iran and Iraq during their eight-year war.

Chinese sales to Iraq have consisted mostly of small arms and fighters. But because

China recently established diplomatic ties with Saudi Arabia, and Saudi King Fahd has accepted China's invitation to visit, some Western observers said Beijing may be more inclined to restrain its arms sales to Iraq.

However, the official New China News Agency said later that Foreign Minister Qian Qichen had indicated that China will not join the United States and other countries in placing sanctions on Iraq.

Qian also has said Beijing was willing to play a role in maintaining peace in the Middle East.

U.S. officials said Solomon's trip did not violate the U.S. ban on high-level exchanges with China. The ban was among sanctions imposed by the Bush administration after China's crackdown on democracy demonstrators in June 1989.

[From the Washington Post, Nov. 4, 1990]

CHINESE FOREIGN MINISTER WILL VISIT MIDDLE EAST; BEIJING USING GULF CRISIS TO END ISOLATION

(By Lena H. Sun)

BEIJING, November 3, 1990.—China is sending its foreign minister to the Persian Gulf next week as part of an attempt to portray itself as a force for peace and to show it is still a major player in world affairs, diplomats and Chinese sources said.

Foreign Minister Qian Qichen plans to visit Iraq, Saudi Arabia, Egypt and Jordan on Tuesday "for an exchange of views" with Arab leaders, the official New China News Agency reported today.

As one of the five permanent members of the U.N. Security Council, China's support has been important to the United States in its efforts to enforce sanctions against Iraq for its Aug. 2 invasion of Kuwait. Beijing, by supporting the Security Council resolutions, has been able to use the gulf crisis to break down the political isolation imposed by the West after last year's Chinese army crackdown on demonstrators demanding democracy.

At the same time, China has been careful to distance itself from the other members of the Security Council, most notably the United States, on the use of military measures to enforce sanctions against Iraq. The Chinese have consistently called for a peaceful solution in the gulf and, until recently, had coupled that with opposition to "big-power military involvement," referring to the U.S. and other foreign deployments in the region.

According to one Western diplomat, China has been identified by the Iraqis as "the weak link" among the five permanent members of the Security Council. The four other permanent members are the United States, the Soviet Union, Britain and France.

Chinese officials are reportedly concerned about the prospect of hostilities, but it is not clear what Beijing's position would be if war were to break out in the gulf.

In an indication of Beijing's position, one authoritative Chinese official told some Western diplomats recently that while China would "lament the outbreak of war, China will vote with the majority of the United Nations," according to one Western diplomat.

Another analyst put it more bluntly, saying, "It doesn't matter if [the Chinese] don't dance too pretty, as long as they dance."

This week, as if to remind the West of Beijing's support for the U.N. measures against Iraq, a Foreign Ministry spokeswoman said China had lost $2 billion in trade, transportation, airline and other receipts by complying with the sanctions. She did not say how the figures were calculated or how much of the losses could be attributed to a decline in arms sales. China had long been a major arms supplier to Iraq.

Those losses do not include Iraqi debts to China for earlier imports of Chinese goods and labor. Beijing has evacuated several thousand of its citizens, mostly construction workers, from Kuwait, but several thousand Chinese laborers are still in Iraq. The spokeswoman declined in give details of the debt, but the total is believed to be about $4 billion, "with a big chunk of that in arms sales," one Western diplomat said.

"China wants to explain that she voted for the resolutions with all the big powers but that it was not easy because it also costs China, "another Western diplomat said. One purpose of Qian's trip may be to seek financial help from Saudi Arabia for the costs China has shouldered as a result of the sanctions, another analyst said.

But China's desire to be readmitted to the big-power club appears to be the major motivation behind Qian's trip to the Middle East, one Chinese source said. "If China is able to make any headway [toward a negotiated settlement], then the other big powers will owe China, and China may be able to get some more rewards," such as the lifting of all Western sanctions against it, he said.

Several diplomats, however, discounted the ability of China to mediate in the gulf. Qian "will say all the right things, but I think it's all part of a move to lessen China's isolation," said one analyst.

China has less to lose than some industrialized countries if war breaks out in the gulf, some analysts said. As a net oil exporter, it is much less dependent on oil from the Middle East than Japan or the United States. The relatively low base of its economy makes China more resilient in the face of an international recession than the higher-performing U.S. economy, for example.

In trade, it will be easier for the Chinese to find other markets for their major exports, such as textiles and footwear, "because even in a recession, people still need to buy shoes and clothes, and they may well go for the cheaper clothes from China," said a Western diplomat.

[From the New York Times, June 10, 1991]

CHINA SAID TO PLAN NEW ARMS SALES; UNITED STATES IS CONCERNED

(By Nicholas D. Kristof)

BEIJING, June 8.—Western diplomats and experts are concerned by indications that China is seeking to increase its share of the world market for missiles.

The Chinese military, the experts say, may begin shipments of two new kinds of missiles to Syria and Pakistan, and perhaps to other countries as well. The new missiles, which are said to be more accurate than the Soviet-designed Scuds used by Iraq in the Persian Gulf war, are thought to be at the end of the development stage and could be deployed soon.

Short of money and therefore eager to sell weapons, China, the experts say, may be on a collision course with Western nations that say they want to slow the international arms race.

With the decline of the Soviet Union and Eastern Europe as arms merchants, China, in the view of some, is emerging to fill the void.

WHAT OF UNITED STATES AND SOVIET SALES?

For its part, China points out that it sells far fewer weapons than either the United States or the Soviet Union. If Washington can sell arms to the Middle East, it asks, why can't Beijing?

Still, China's weapons sales are becoming a growing source of friction with the United States, and a factor in the debate about whether to cut off China's most-favored-nation trade benefits. In a sign of American concern, Reginald Bartholomew, the Under Secretary of State for Security Assistance, is scheduled to visit Beijing June 17 to 19 to discuss weapons proliferation.

Apparently intending to ease the friction and improve its image, China has reportedly accepted an invitation from President Bush to attend a July conference of major powers to discuss limits on arms sales to the Middle East.

CHINA, BUSINESS AS USUAL

But whether China will agree to do more than talk may depend on the outcome of disagreements between China's Foreign Ministry, which would like to curtail proliferation to improve the nation's image, and the army, which wants to raise funds through the sale of weapons, and regards the Foreign Ministry as weak-kneed.

Diplomats and experts say that the new international interest in China's arms sales reflects changes not so much in China as in the rest of the world. For most of the last decade, the Chinese Army eagerly pursued arms deals, but now there is far less sympathy for China than before. In addition, the United States and other Western nations are talking about curtailing the arms race in the Middle East and elsewhere, and China could upset such plans.

"They are doing things that they've been doing all along, but we have a lower level of tolerance than we did a few years ago," said a Western diplomat in Beijing. "In addition, what they were doing all along now seems to be coming to fruition in a number of cases."

What is coming to fruition appears to be the development of the M-9 and M-11 missiles, and plans to sell them to Syria, Pakistan and probably other nations as well.

The missiles apparently have not been delivered so far, but launchers for the M-11 have been spotted in Pakistan and diplomats expect that the missiles themselves will follow. The M-11 is said to have a range of about 180 miles and can carry a nuclear warhead.

PAKISTAN AND NUCLEAR ARMS

Pakistan is widely believed to be close to achieving a nuclear bomb. If Pakistan were able to build a nuclear device in the form of a warhead for the M-11 missile, it would be able to launch a nuclear strike that India could not easily defend against.

The Western diplomat said he doubted that China could be prevented from transferring the M-11 missiles to Pakistan, but that there was a somewhat better chance of preventing shipments of the M-9 to Syria. The M-9 is thought to have a range of about 375 miles, and so would be able to hit targets throughout Israel.

There have been some indications that China struck a deal several years ago to sell M-9's to Syria, and the missile may have been developed in part with Syrian financing.

When the national security adviser, Brent Scowcroft, visited Beijing in December 1989, he received pledges that China would not sell medium-range missiles to the Middle East, and that "at the present time, China is not planning any sales of the M-9 missile to Syria." These days, Beijing is no longer repeating that "at the present time" it will not sell the M-9, and the promise not to sell medium-range missiles may not be useful because of the way Beijing defines medium range.

A QUESTION OF DEFINITION

The Missile Technology Control Regime, an agreement that China has not joined, de-

fines medium-range missiles as those that go about 188 miles. But a Chinese military encyclopedia defines a medium-range missile as one that can travel 625 miles. If that is the definition that it is using, its promise not to sell medium-range missiles would cover neither the M-9 nor the M-11.

Diplomats are also concerned about China's capacity to transfer nuclear technology, and there was concern recently when China was found to be building a nuclear reactor in Algeria that experts suspected might be used to produce plutonium for nuclear weapons. China and Algeria responded by saying that the reactor was intended only for research, and Algeria has now indicated that it will allow international inspections, alleviating much of the concern.

China is also widely believed to have assisted Pakistan with its nuclear program, although there is no firm public evidence to confirm allegations that Beijing provided Pakistan with a design for a bomb. There is also evidence that some Chinese provided India with "heavy water" for its nuclear program, but this may have been an unauthorized profit-making venture that did not have the central Government's approval.

[From the Washington Post, June 11, 1991]

UNITED STATES TO PRESS CHINA TO HALT MISSILE SALES; DEALS WITH SYRIA AND PAKISTAN OPPOSED

(By R. Jeffrey Smith)

Amid mounting evidence of China's continuing efforts to sell ballistic missiles, the Bush administration plans to press Beijing again next week to abide by an international agreement barring exports of missile technology, according to senior U.S. officials.

The principal U.S. aim is to halt planned Chinese missile sales to Pakistan and Syria. Both deals are now believed by U.S. intelligence experts to be nearing completion, despite repeated pledges by China that it would restrain missile exports and cancel the Syrian sale, the officials said.

U.S. government analysts said that the Syrian and Pakistani missile deals represent the culmination of a decade-long strategy by Chinese military officials and the kin of senior leaders to earn large sums in foreign currency through the export of conventional arms and ballistic missiles to Third World states, particularly those unable to obtain similar weapons from the United States and the Soviet Union.

China has previously rebuffed U.S. requests to adhere to the guidelines of the Missile Technology Control Regime (MTCR), which was signed by most major Western weapons suppliers in the 1980s and it intended to slow the spread of missiles capable of carrying nuclear warheads.

But China's trading privileges with the United States may now be at stake if Beijing does not soon restrain its arms sales. Although President Bush has recommended renewing China's most-favored-nation trading status this summer without conditions, Senate Democratic leaders plan to introduce legislation that would condition renewal on Beijing's adherence to the arms accord within six months.

Officials said that Undersecretary of State Reginald Bartholomew, who is scheduled to meet with Chinese leaders in Beijing beginning Sunday, will press the Chinese to adhere to an MTCR formula that generally prohibits exports of medium-range ballistic missiles, the officials said.

With the Soviet Union's decision last year to follow the MTCR guidelines, China became the principal missile exporter to remain outside the accord. In recent months, senior Chinese leaders such as Foreign Minister Qian Qichen have rebuffed it as a tool of Western pressure and said that only the nations that participated in its creation should be expected to adhere, U.S. officials said.

At U.S. urging, China has nonetheless pledged publicly to exercise restraint in missile sales and indicated it would not export medium-range missiles to the Middle East. But it has never told Washington exactly what missiles it considers to fall within this constraint.

The two Chinese missiles that have aroused the Bush administration's concern are the M-9 and the M-11, which U.S. government analysts say are being developed entirely for export markets with financial assistance from the two primary intended customers—Syria and Pakistan. Military officials from these two countries have been seen at various times at the sites where the missiles are being developed and tested, a U.S. official said.

"China has never deployed that kind of missile system" in its own arsenal and has no military doctrine that would govern domestic employment, one analyst said.

A recent acceleration in Chinese missile flight tests caused U.S. intelligence experts to conclude that development of the missiles was nearing completion, according to several sources. This conclusion was bolstered by the sighting in Pakistan earlier this spring of mobile launchers for the M-11, an analyst said.

Senior Chinese officials assured White House national security adviser Brent Scowcroft during a 1989 visit to Beijing that the M-9 missile would not be sold to Syria, and officials say that a formal intelligence community estimate completed last December concluded that the deal was off.

But several senior U.S. government experts, noting that the missile's development has continued, said in recent interviews that they now believe the deal remains intact, and information supporting this has recently been obtained by military officials from allied countries.

Officials said that intelligence experts in the United States and in Israel, which closely monitors Syrian weapons purchases, have estimated the M-9's range at 360-370 miles, well above the 186-mile-range cutoff imposed by the MTCR guidelines. They said that if the missile is delivered within the next year, as many experts believe likely, it would give Syria its first capability to hit military targets throughout the Middle East with considerable accuracy and reliability.

Sen. Joseph R. Biden Jr. (D-Del.), a leader of Senate efforts to halt the M-9 missile sale, last week called it "the single most destabilizing potential development in the region." Biden has drafted legislation that would withdraw China's most-favored-nation trade status if the Syrian or Pakistani missile deal goes through.

Some Chinese officials have publicly claimed that the M-11 falls outside the MTCR guidelines because it cannot fly more than 186 miles. But an M-11 sales brochure published by the Chinese Precision Machinery Import and Export Co. states that the 31-foot-long missile is capable of carrying an 800-kilogram warhead up to 180 miles, placing it above the MTCR cutoff for warheads of that size.

The brochure, which was provided to The Washington Post by a source who declined to be named, also describes the missile's warhead capability as "explosive-fragmentation, demolition and antipersonnel."

U.S. government analysts said the M-9 and M-11 missile deals are only the most recent examples of a weapons export strategy crafted by Chinese leader Deng Xiaoping in the early 1980's. The aim of the strategy was to match the success of major Western nations in earning huge profits from sales to Middle East nations. A major impetus was an estimated 30 percent drop in China's defense budget during this period, which created a shortage of cash for modernization.

[From the New York Times, July 6, 1991]

TO CURB CHINA'S ARMS TRADE

Despite pledges to curb sales of advanced arms, China now confirms it has begun delivering new missiles to Pakistan. And it's about to ship others to Syria. Understandably, the news fuels Congressional fervor to deny China trade privileges. A Democratic-sponsored bill would cancel China's most-favored-nation trade status for making such sales.

But economic sanctions have failed to restrain Chinese arms merchants in the past. A new strategy combining carrot and stick might be worth a try—provided the Bush Administration is willing to curb its own arms sales.

In a depressing ritual, the U.S. gets assurances from China that it won't sell advanced arms and then learns that it has. The gap between word and deed stems from internal divisions in China. The assurances that arms won't be sold come from the Foreign and Defense Ministries, as a timely article in International Security by John W. Lewis, Hua Di and Xue Litai at Stanford's Center for International Security and Arms Control explains. But the sales are made by an army commission that has considerable autonomy and substantial inducement to sell as much as it can.

As China's leader, Deng Xiaoping, accelerated modernization in the 1980's, the commission became China's engine for technological development. It's as if the U.S. Army Corps of Engineers ran the Manhattan Project, NASA, the National Science Foundation and Silicon Valley combined.

At the same time Mr. Deng slashed the military budget. That led the commission to promote sales in order to raise revenues and import advanced technology. Administrators of its two main arms export firms, who stand to profit personally from sales, have family ties to China's leaders.

One of those firms signed a contract in 1988 to sell medium-range M-9 missiles to Syria and has received some proceeds, but has yet to deliver any missiles. And it sent "a very small number" of shorter-range M-11 missiles to Pakistan.

The deals can still be killed. But discriminating against China's trade with the U.S. might spur its arms sales. And sanctions, by denying contact and technology, come down hardest on the modernizers who back liberalization and opposed the Tiananmen crackdown. A threat of sanctions may be more effective than their actual imposition.

A different strategy is worth a try—cooperating with China in arms suppliers' groups while holding out a threat of trade sanctions by the U.S., Japan and other nations that want the missile sales cubed. Beijing has now told Washington it may join the 16-nation Missile Technology Control Regime, which seeks to halt the spread of medium-range missiles. And the world's five leading arms suppliers, China included will meet soon in Paris to draw up guidelines for Mideast arms sales. China can be pressed in these forums to curb it sales—but is not like-

ly to comply unless the Bush Administration shows some sales restraint of its own.

Congress could facilitate that by renewing most-favored-nation status for one year, requiring Mr. Bush to report within the year on China's arms sales practices and imposing its own temporary moratorium on U.S. sales by year's end if Mr. Bush fails to exercise restraint.

[From the New York Times, Jan. 31, 1992]

CHINA SAID TO SELL PARTS FOR MISSILES

(By Elaine Sciolino with Eric Schmitt)

American intelligence reports indicate that China is continuing to sell missile technology to Syria and Pakistan despite statements by Chinese leaders that they are willing to curb missile exports, according to senior Administration officials.

Beijing has recently delivered to Syria about 30 tons of chemicals needed to make a solid-fuel missile and plans to deliver an additional 60 tons in March or April, said the officials, who added that the amount was enough to make a "significant" number of intermediate-range missiles.

It has also delivered to Pakistan guidance units that could be used to control the flight of M-11 ballistic missiles, they added.

The issue is important because the United States is ready to lift the sanctions on the sale of American satellite parts and high-speed computers that were imposed last spring after the United States learned that China had secretly delivered launchers for M-11 missiles to Pakistan.

President Bush, who favors removal of the sanctions, will raise the issue of China's proliferation practices when he meets at the United Nations on Friday with China's Prime Minister, Li Peng. Leading lawmakers and human rights organizations have sharply criticized the meeting, the first between the leaders since Chinese troops crushed the democracy movement in China in June 1989.

During the visit of Secretary of State James A. Baker 3d to Beijing in November, Chinese officials said they would abide by the provisions of a 1987 international agreement restricting the export of missiles and missile technology, but only if the Administration lifted the sanctions.

The Administration has made the issue of nonproliferation a linchpin of its post-cold-war foreign policy, and is especially eager to halt the transfer of nuclear, chemical and biological weapons and ballistic missiles to the developing world.

The President's plan to meet with Mr. Li reflects Mr. Bush's firm belief that the best way to moderate China's behavior is through dialogue, a strategy that has been criticized even inside the Administration.

"There was great controversy about whether the President should even meet Li Peng," a senior Administration official said. "It raised the whole debate about how best to bring the Chinese along—by stiff-arming them or by coaxing them when they make a few moves in the right direction."

Administration officials have played down the significance of Friday's meeting, describing it as a short encounter and as a "courtesy" to the Chinese, who requested it.

When asked at a briefing today whether an announcement to lift sanctions was imminent, a State Department spokesman, Joe Snyder, said that once the two Governments completed the agreement reached during Mr. Baker's meeting in November, "the Administration plans to take the steps necessary to lift the June 1991 sanctions."

"We have no set timetable for lifting the sanctions," he said.

DIVISIONS IN ADMINISTRATION

There are deep divisions in the Administration over the wisdom of lifting the sanctions. Many intelligence officials and some senior Pentagon officials oppose any easing of restrictions, while the White House is clearly in favor of such a move.

The State Department notified Congress in a letter in mid-December that it intends to lift the sanctions. But resistance by Chinese leaders to an American demand that they put their oral promise to Mr. Baker in writing has contributed to a delay, Administration officials said.

Some non-proliferation experts in the Administration are convinced that the recent sales to Syria and Pakistan would constitute clear violations of the agreement, known as the Missile Technology Control Regime, which was devised by the United States and other powers to limit the supply of ballistic missiles to the developing world.

But other officials use a broader interpretation, saying it is nearly impossible to determine whether the transfer of certain technology that might have dual uses is a violation.

The suspicion felt toward China in some quarters of the Administration was reflected in remarks by Defense Secretary Dick Cheney after a speech in Wisconsin this week. Mr. Cheney said that his "prime concern" with regard to China was proliferation.

"They have in the past, on occasion, been less than scrupulous in their concern for maintaining control over that technology," he said.

CHINA'S POLICY "WORRISOME"

Similarly, in testimony before the Senate Armed Services Committee last week, Lieut. Gen. James R. Clapper, Jr., Director of the Defense Intelligence Agency, called Chinese arms sales and proliferation policies "worrisome," adding, "China is currently assisting many of the nations that we estimate will acquire a ballistic missile capability by the end of the decade."

China has vigorously denied selling entire missiles or warheads to Syria, Pakistan or any other country in the Middle East or Southwest Asia. Indeed, American officials say there is no proof Beijing has shipped such weapons.

Many American officials and independent non-proliferation experts have expressed growing concern, however, that China is circumventing the spirit of missile-control agreements by selling missile components. Such transfers are significant because developing countries can assemble the parts and, in some cases, market the technology themselves.

"These transfers would help both Syria and Pakistan develop a manufacturing capability for their own missiles and would even allow them to proliferate missiles to other countries," said Gary Milhollin, director of the Wisconsin Project on Nuclear Arms Control, a private group. "It happens at the very time that China is promising to change its behavior."

LIMITATIONS TO GUIDELINES

A senior Pentagon official acknowledged the limitations of the missile control guidelines, saying they were "a way to keep a lid on things, but not strictly control" proliferation.

American intelligence reports over the last few years have also shown that China has discussed with Iranian officials the possible sale of M-9 missiles.

Launchers and M-11 training missiles were delivered to Pakistan last year, despite Beijing's pledges not to sell medium-range missiles in the Middle East and Southwest Asia. The Chinese view the M-11, which is said to have a range of about 180 miles and can carry a nuclear warhead, as a short-range missile, although the United States considers it a medium-range missile covered by the missile technology agreement.

Mr. PACKWOOD. Therefore, Mr. President, we have publicly known about these sales for a good many years. We granted the most-favored-nation status to China in 1980, and we have continued it every year to date. We never even had a vote in the Congress on China's most-favored-nation status until 1990. We did not have a vote in this Chamber until 1991.

What is it that has changed? When we granted China most-favored-nation status all of those years, when we knew they were selling weapons and selling them to Iran and Iraq and we continued to grant the status, we cannot use the argument of weapons proliferation as the reason for now saying no to most-favored-nation status.

As a matter of fact, China's record of arms sales to the Third World countries may improve. Last Friday, the administration obtained formal guarantees from the Chinese Government to adhere to the missile technology control regime [MTCR]. The MTCR was formed in 1987 to limit the export of missiles and missile technology. The administration was able to obtain this guarantee, though not through the revocation of most-favored-nation status but through an open dialog with the Chinese Government.

In August 1991, China announced it would sign the Nuclear Nonproliferation Treaty. Only 2 months earlier—only 2 months earlier—France, another holdout to the treaty, had agreed to sign.

It should be our policy to continue to press the Chinese on limiting arms sales to Third World countries. But denying them—or conditioning—most-favored-nation status simply takes us out of the game.

Now let us go to human rights. I will not bother to put in the record article upon article upon article from any of the organizations that monitor civil liberties and civil rights around the world about China, from the fifties, sixties, seventies, and eighties onward.

China was abominable. China was one of the worst abusers of civil liberties, although it is hard to tell whether they were any worse then Iraq, Iran, Syria, and Libya are now. Or perhaps Indonesia that has just killed hundreds of people in East Timor. But there is no question that we have known throughout the years that China abused civil liberties.

Some have argued "that we should not trade with the People's Republic of China or other Communist countries because their political systems are oppressive and because they do not place the same value on human freedoms

that we do." And the argument goes that, "by trading with them and giving them the 'benefits' of the American economic system, we endorse their system and enable it to flourish. This logic presumes that American goods, American products, and American technology are so overwhelmingly superior that other nations of the world have no place else to shop. Perhaps there was a time or when the United States held such a commending position in world trade. But if it were ever true, it is manifestly not true today."

That is not to say, Mr. President, that we must ignore the harsh realities of life under such systems or close our eyes to the violations of human rights. To the contrary, our international policy on human rights is sound and we should pursue it vigorously. But we must so in ways that will realistically help us achieve our goals. To not encourage trade, which is one of the most fundamental relationships between nations, is to surrender a tool, a line of communication, for presenting American ideals. We should use diplomatic tools of public condemnation and foreign aid to pressure violators of human rights. Trade penalties, such as trade embargoes, should be opposed because trade is not a gift, and America, needs the business.

What has changed in terms of human rights was Tiananmen Square, but changed only in the sense, Mr. President, that we saw it publicly on television in the United States for the first time. The State Department reports, however, that the years before Tiananmen Square are replete with abuses of civil liberty in China.

We did not see anything new in China. We did not discover anything in looking at the television that we did not know was happening in China. But we saw it. Is that going to be the reason that we change and now deny China most-favored-nation status, that we saw it? If so, Mr. President, I can tell you what is going to happen. Not only are we going to hurt ourselves economically, we are not going to make it possible for any American news crew to get in any of these countries that violate civil liberties for fear that perhaps some revolt or some uprising of the people is going to be shown on television and seen in America and they will be denied most-favored-nation status or other rights. I emphasize again, we knew it, this Senate knew it, the House of Representatives knew it, the administration knew it. They knew it from the Eisenhower administration onward. I hope we are not reaching the standard where we say, well, we have now seen it on television and it is real. We did not believe it when we read all the reports.

Let me move over now to the argument of international trade. The argument is used that China has a $12 billion trade surplus and that ought to be a factor when considering most-favored-nation status. If that is the case, we certainly should be considering Japan's most-favored-nation status. We have a trade surplus of $40 billion, and that is the lowest it has been in a number of years.

People say that China's market access barriers are a factor in the equation, and we should not extend them most-favored-nation status because they have a closed market or semiclosed market. In that case, we ought to look very closely at Brazil or India. These two markets are closed, or more closed, to us than the Chinese market.

No, Mr. President, on any basis that we have used before, we did not deny most-favored-nation status to China, not because they were selling weapons. We knew it. Not because they were violating human rights. We knew it. Not because their markets are more closed than some. We knew it, although, I emphasize, not as closed as others.

I will emphasize again, it is a fair argument as to whether or not we want to extend to the world, the human rights violators, weapons sales handlers, and say, if you do this, no most-favored-nation status. In that case, France will probably lose it. France sells the advanced combat plane Mirage to Iran. France, you may recall, was the country that was building the atomic bomb plant in Iraq that Israel bombed in 1981. France was building it in violation of then existing agreements. And when it was bombed, they never said a word because they knew they had their hand caught in the cookie jar. There was no debate when France was selling the materials to Iraq to make bombs.

I yield myself 5 additional minutes.

The PRESIDENT pro tempore. The Senator yields himself 5 additional minutes.

Mr. PACKWOOD. When France was selling material to Iraq to make atomic bombs and building the plant to make them, we knew it. There was no discussion of revoking their most-favored-nation status.

But I can give you additional emphatic reasons, as one representing the State of Oregon, that this bill should be opposed. As others have argued so correctly this "will seriously injure our consumers, our exporters, and, most importantly, Oregon workers. Normal trade relations with China will translate into dollars and cents and paychecks for workers and be a substantial economic and political benefit to the United States." "Trade with China means more exports, more jobs, and more income for Oregonians." China is one of Oregon's largest export markets. In 1990, Oregon exported over $90 billion in goods to China, including grains, forest products, and animal oils. Will they be in jeopardy if the most-favored-nation status is revoked or conditioned? You bet they will. There is no question that the Chinese will retaliate against the United States and particularly Oregon, if most-favored-nation status is conditioned or revoked.

Take agriculture, for example. Since 1989, the United States sold approximated $2.2 billion of agricultural products to China. A good portion of those exports come out of Oregon. There is not a single farm group in the United States that believes it will be able to maintain the market share in China if most-favored-nation status is revoked or conditioned. All agree that Australia, the European Community, and Canada will step in and fill the Chinese market.

Since 1988, the United States has exported over $810 million of forest products to China, and today the forest products industry is reeling in Oregon. To take away the China market from us would further injure this critical Oregon industry that needs exports to remain competitive.

If anyone, thinks, in addition, that there is a debate about trade relations with China going on in any other industrialized country, they are dead wrong—not in Tokyo, not in Canberra, not in London, not in Paris, not in Bonn. They are not talking about getting rid of any favorable-trade status they have with China. They are licking their chops waiting for us to say, "Oh, no, we won't deal with China as much," and they will be there to pick up the pieces right away, despite their arms sales, despite their human rights violations.

So, I will say in conclusion, Mr. President, if we want to adopt a new standard for the most-favored-nation status, that is a fair debate, but then let us extend it to every country in this world that violates human liberties as China does. Let us extend it to every nation in this world that exports weapons in violation of what we consider good policy. That is a fair debate. But to single out China will be to our detriment, not China's.

I thank the Chair.

Mr. MOYNIHAN. Mr. President, may I congratulate the very able Senator from Oregon on the compelling argument he makes. We have other views, but that we express them in no way indicates any lack of respect for the case he has made—and not the least about the general condition of human rights around the world.

Mr. PACKWOOD. I thank the Senator.

Mr. MITCHELL. Mr. President, will the Senator yield to permit me to make a unanimous consent?

Mr. PACKWOOD. I yield.

Mr. MITCHELL. Mr. President, if I might have the attention of Senators, there have been so many requests for speaking that I have suggested, and apparently it is acceptable to the Sen-

ator's colleagues, that we extend the time until 1 o'clock, equally divided, to give more Senators the opportunity to address the Senate.

EXTENSION OF TIME FOR DEBATE

Mr. MITCHELL. Mr. President, I ask unanimous consent that the period for debate this morning now scheduled to end at 12:30 p.m. be extended until 1 p.m. with the additional half-hour to be equally divided in the same form as the previous time.

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

Mr. MITCHELL. I thank my colleague.

Mr. PACKWOOD. I thank the Chair and leader for extending the time to 1 o'clock.

The PRESIDENT pro tempore. The Senator from New York.

Mr. MOYNIHAN. Mr. President, the very able Senator from Illinois has 5 minutes, and I regret we have only 5 minutes in the long list of speakers. I am happy to yield 5 minutes.

The PRESIDENT pro tempore. The Senator from Illinois [Mr. DIXON] is yielded 5 minutes.

Mr. DIXON. Mr. President, I thank the distinguished Senator from New York.

Mr. President, I rise in support of the conference report to H.R. 2212, the United States-China Act of 1991.

The time has come for the Senate to act. We must pass a bill that sends a message to all the people of China.

To those heroic people risking their lives for human rights we must say: We will always remember your struggle for freedom.

To the torturers who killed their dreams we must say: We will never forget.

A vote for this bill is a vote to uphold those values we as a Nation holds dear. To vote against it is to condone the bloodshed, forget about the political prisoners and slave labor, and turn a blind eye to the nuclear proliferation policies of the People's Republic of China. We cannot continue such a short-sighted policy.

This legislation sets forth very clear, reasonable policy goals. We are not asking for the Moon, Mr. President. We are giving the People's Republic of China every opportunity to show marked improvement in its human rights slave labor, and nuclear nonproliferation practices. We are holding China to the same standard we apply to many other countries.

Those of us who support H.R. 2212 are trying to affect change through a carrot and stick approach. Such an approach has worked in other countries around the world, most recently in El Salvador. What the administration would have us do in this instance is give the Chinese the carrot, and beat Congress with the stick. Whose side is the administration on?

I was an original cosponsor of the majority leader's companion legislation, and congratulate him on his leadership on this issue. He, as well as many of us in the Senate, have been trying to rein in the inhuman, illegal practices of the People's Republic of China Government for some time.

The 1989 massacre in Tiananmen Square vividly portrayed a country whose rulers would go to any length to silence dissent. A number of us, this Senator included, introduced legislation after the massacre to protect Chinese students in this country, who would have faced reprisals at home for their prodemocracy activities here. The administration opposed protecting prodemocracy students, for fear of the reaction of Communist leaders.

The administration tried to have it both ways on that one. The President vetoed the legislation, claiming to be able to provide the same protection through Executive order. Partly on the basis of that argument, the Senate fell one vote short of standing on the side of democracy.

The President initially failed to follow through on his promise. Only when this Senator and others in the Senate as well as the House made the President's failure to issue the Executive order public, did he in fact provide the necessary protection. Again, the President was slow to act for fear of upsetting the Communist leaders in Beijing.

Now the President opposes our efforts to conditionally renew most-favored-nation trade status for the People's Republic of China.

The People's Republic of China has run tanks over unarmed, peace-seeking students and workers, denied the existence of political prisoners, lied about slave labor practices, winked at international nonnuclear proliferation treaties, and steadfastly refused to consider improving its sorry record of human rights abuses.

And this administration wants to reward such behavior with an extension of our most-favored-nation trade status? Mr. President, with what could the administration possibly reward the Beijing government if they ever actually cooperated on anything? Mr. President, we have a clear choice today: Do we remember those fighting for democracy in China and take action on their behalf or do we forget all they have suffered in their struggle for the rights we take for granted? I will vote to remember.

I thank my colleagues.

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

Mr. MOYNIHAN. Mr. President, the Senator from Ohio has 5 minutes.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. GLENN. Mr. President, I have supported MFN in the past because I thought it was important to keep the trade lines of the world open, trade throughout the world open. I still hope we can do that. But there has been a lot of new information over this past year that I want to address in just a moment.

I think we need to remember what this legislation is. All it requires in the weapons area is that the President certify there has been "significant progress"—those are the words—significant progress in the area of nonproliferation, this specifically covers nuclear and other weapons of mass destruction.

Although the bill also addresses human rights and other issues, I did just want to take a moment to talk about the area of nonproliferation because it is so important, because the way this whole thing has developed puts a new light on the MFN issue even from last year.

The horrors of nuclear war we do not need to try to recount for everybody in this Chamber. Many of us have been through combat in the past, many of the Members of this body, in World War II, Korea, and Vietnam. We cannot imagine how unthinkable the horror would be if we ever got into a nuclear war. So we worked very hard and I have worked ever since I have been in the Senate for the past 17½ years, almost now, to try and control the nuclear spread around the world. It resulted in my authoring, in 1978, the Nuclear Nonproliferation Act; and following through, encouraging other nations to join the Nonproliferation Treaty and put their facilities under the international atomic energy safeguards.

So I come to this with a long background of following what has happened in the nuclear nonproliferation field for many years in the Senate. And what has happened over the past couple of years I think is of note as we consider this particular piece of legislation.

Through all these years we have tried to get the nuclear suppliers to not send out the specialized equipment that only a few nations make. Nuclear know-how is basically easy to come by. You can hire a Soviet scientist these days. I guess that is the current vogue in the papers anyway. You can hire a scientist, but you cannot make nuclear weapons without that specialized equipment. You cannot make it without the equipment.

There are only a handful of nations in the world that make the kinds of equipment that can be used to make nuclear weapons. If they just did not ship that material out, then we would not have the nuclear proliferation problem we have today.

So what happens? Well the French used to ship a lot out. They stopped that policy in 1976. We are still living with some of their earlier business activities. The Germans shipped some out because they had a requirement in their Constitution that made it difficult to prohibit their businesses from doing business around the world. They

had changed some of that law recently, though not adequately enough. Our own Nation here has been very delinquent in this. We have not enforced our own laws, quite often in my view, particularly with regard to Pakistan. But all these nations are now sensitized by the fact, with the wind down of the cold war, we now have to be careful we do not have proliferation from other quarters.

What have we seen in the last year? We have seen that the one nation that has been expanding its nuclear proliferation potential to other nations around this world has been China.

We will have a classified session this afternoon in which I hope to go into much more detail on this.

But just from press reports—these are all press reports now—the PRC has been cooperating recently with Iran, we see in the papers, with Syria, with Pakistan—we have known that one for a long time, with Pakistan.

They have sold long-range missiles, the CSS-2, to the Saudi Arabian Government; rumors of other shady deals with Algeria, Libya and others;

Now does it take a military genius to see what is going on, with where those nations are and where they are located with regard to Israel and that whole Asian subcontinent? I do not think it takes much to see that.

We have heard talk in the past, coming from these regions, about the Arab nations and the Islamic nations having an Islamic bomb. And where is this Chinese cooperation going? It is going directly into those regions that we have been most concerned about, and we have tried to regulate, the trade in that area for a number of years.

Mr. GLENN. Might I have another minute?

Mr. MOYNIHAN. Another minute to the Senator from Ohio; 2 minutes.

Mr. GLENN. That would be fine. I thank the Senator.

Just as we feel we are about to get this under control the new big proliferator that sends out not only technology but the equipment, too, turns out to be the People's Republic of China.

Now I hope, I hope very much that the President finds some information where he can say OK, progress is being made, significant progress. But it cannot just be said that the Chinese once again mouth the words that they are not proliferators, when they know better. They are not even hiding the fact they are proliferators. In fact they are also advertising for many nations that maybe want to seek weapons of mass destruction.

Very regrettably, unless something changes and the President can show significant progress in this area of nonproliferation, I do not see that we have any option but to deny China most-favored-nation status. I do not want to see that happen. I really do not. I have voted in favor of MFN before and I will vote in favor of MFN again if we can be assured that China is changing its policies so they are not the new proliferator of weapons of mass destruction all over the world.

So, Mr. President, I sincerely support this legislation. But regrettably I must say, because I am sorry, because over the past year or so this knowledge about China, what they are doing in this spread of weapons of mass destruction, has come into the knowledge of the international community.

I will be addressing this during our closed session this afternoon.

Mr. President, a good case can be made that some of the most outrageous Chinese activity in the field of proliferation occurred precisely during the period when United States economic and technological ties were the strongest.

Let me give a recounting of some testimony by the Director of Central Intelligence, Robert Gates, before my Governmental Affairs Committee just a little over 2 months ago, on January 15. He said:

> China and North Korea may sell other countries longer-range missiles and the technology to produce them. Countries with special weapons that succeed in buying these missiles will further expand and accelerate the special weapons arms race already under way in the Middle East and South Asia.
>
> Tehran's principal sources of special weapons since the Iran-Iraq war have been North Korea for long-range Scuds, and China for battlefield missiles, cruise missiles, and nuclear-related technologies.
>
> China * * * is supplying [Iran with] a miniature neutron source reactor and an electromagnetic isotope separator. This equipment has legitimate peaceful uses, but Iranian public statements that it should have nuclear weapons suggest otherwise.
>
> In the nuclear area, Damascus is negotiating with China for a reactor [and] appears to be seeking [missile-related] assistance from China and Western firms for an improved capability with CW or BW warheads.
>
> As for the prospect China might join the NPT, Mr. Gates said, "Despite its accession to the NPT, we remain concerned that Beijing could claim existing contracts are grandfathered, and therefore exempt, from IAEA safeguards."

President Reagan, 7 years ago, when he sent the agreement for nuclear cooperation with China to the Congress said "we can expect that China's policy of not assisting a nonnuclear weapons state to acquire nuclear explosives will be implemented in a manner consistent with the basic non-proliferation practices common to the United States and other suppliers."

We are still waiting to have those expectations met.

One other point I would like to make. It takes a buyer as well as a seller. What about these nations that have been reported in the press as having been cooperating with China in acquiring missiles—such as Iran, Syria, Pakistan, and Algeria? If we are serious, why do we not rally world indignation against those who are buying—with the U.N. action, with MFN cancellations against them and so on? I think we just cannot take on just the sellers. We also have to take action against the buyers.

Mr. President, the United States has many legitimate reasons to seek influence over China's foreign and domestic policies. Suffering under the effects of the current economic recession, companies throughout America could well benefit from greater access to China's vast market. Americans also want China to adopt a more democratic political system and a free-market economy. Progress in these directions serves the national ideals and self-interests of both countries.

American families, however, also sent thousands of young men and women to serve in the recent war in the Persian Gulf. Not long ago, these troops were faced with the prospect that nuclear, chemical, or biological weapons might be used against them; 1 night, an Iraqi missile killed 28 soldiers, including 3 women, and wounded 89. Literally overnight, that dreaded word, "proliferation," became converted from an abstraction that troubled a few specialists into a serious threat recognized by virtually all Americans.

Yesterday, it was in the Middle East; tomorrow, devastating wars involving key U.S. interests could occur in East Asia and South Asia, or again in the Middle East, jeopardizing the lives of millions. Meanwhile, high-technology terrorism threatens to bring the horror of these weapons even to American citizens in their homes and workplaces. To the extent that China is contributing to such threats, we must not only voice our concerns, but be prepared to take the tough actions needed to defend our interests.

The readiness of Americans to resume close relations with China should depend not on the words, assurances, or nonbinding policy statements coming from Beijing or Washington. It must instead depend on deeds, actions, and tangible evidence that progress is being made in realizing all of our important policy objectives. Experience, not hope, must be our principal guide as we chart the future course of our relations not just with China, but with all nations that threaten international security.

By all indications, however, the current debate over the renewal of China's most-favored-nation trade status demonstrates that the road ahead will not be an easy one. In counterpoint to bipartisan congressional concerns about expansive administration claims of Presidential authority to regulate the Nation's foreign commerce, an authority granted to Congress under the Constitution, the President charged on May 27, 1991, that it is not moral for Congress to mandate human rights or nonproliferation conditions as terms for renewing China's most-favored-nation status.

The time has come to evaluate China's nonproliferation record not must in the context of the narrow most-favored-nation issue, but also in terms of some broader implications for United States foreign policy in the new world order.

THE QUESTION OF LINKAGE

I believe that America's renewal of China's most-favored-nation trade privileges should be linked to concrete progress on human rights and nonproliferation issues. I make no apologies for this position and I do not believe it brings honor to the office of the Presidency to characterize such views as immoral.

The administration points to many alleged costs of this approach. We will lose export markets which will only be snatched up by other western competitors and Japan. We will lose our ability to give China an open society. We will hurt segments of Chinese society—such as in China's southern coastal provinces and Hong Kong—that are adopting free-market principles. We will lose leverage needed to discourage China from nuclear and other forms of weapons proliferations. We must, in short, use free commerce as a vehicle both for creative change inside China and to restrain China's external behavior.

In response, I would argue that the administration's current policy toward China is replete with half-truths, contradictions, and wishful thinking.

U.S. POLICY ON SANCTIONS

While condemning legislatively mandated sanctions and trade conditions as immoral, the White House has repeatedly heralded its past denials of satellite parts, supercomputers, munitions, and various forms of multilateral aid to China as evidence of the administration's commitment to nonproliferation. We must recall, however, that a White House factsheet released on June 16, 1991, said nothing about any embargo of high performance computers to China—the release said only that such exports "will occur only after extensive review to ensure that the proposed sale poses no threat to national security." The addition of supercomputers to this list is particularly interesting, given the White House's announcement in December 1990 that these sophisticated dual-use machines would be approved not only for export to China, but also to Brazil and India. At the time, none of these nations was a party to the Nuclear Nonproliferation Treaty, and all of them continue to merit close international scrutiny today.

But what of the high-technology sanctions that the administration has reluctantly imposed in the past? Were these sanctions not also immoral? What about the alleged benefits from free trade in these commodities? Were we not throwing away our ability to use the leverage we would allegedly have gained from approving such exports?

The answers to these questions may well be contained in press reports that appeared late last week indicating that the administration has lifted its computer and satellite sanctions against China. Other sanctions against the two Chinese companies involved in missile proliferation will evidently also be lifted. The lifting of the missile sanctions seems particularly difficult to justify, even in the face of renewed Chinese assurances that it will not promote missile proliferation.

The United States response to China's recent export of M-11 missile technology to Pakistan was truly a case of too little, too late. The Washington Post reported on April 6, 1991, that United States officials believe that China sent Pakistan "a number of launch vehicles for Chinese-made M-11 ballistic missiles." On June 12, 1991, Secretary of State Baker testified before the Senate Foreign Relations Committee that China would face potentially profound consequences if it provided the M-11 missile to Pakistan or the M-9 to Syria. Fifteen days later, the Chinese Ambassador to the United States stated at the National Press Club that "Yes, I said we have sold some conventional weapons to Pakistan, including a tiny amount of short-range tactical missiles * * * I think here you call it M-11." And citing Bush administration officials as sources, the Washington Times claimed on July 2, 1991, that "a Chinese ship carrying Chinese-made M-9 missiles was being tracked to Cyprus from a factory in China * * * destined for Syria."

I do not know if any M-9 missiles were ever sent to Syria—or if any may yet be sent in the future—but I find such reports especially disturbing in the context of China's longstanding pattern of promoting missile proliferation around the world. Chinese leaders have evidently concluded, perhaps with good reason, that when we threaten tough sanctions, we just do not mean what we say.

I also find it ironic that the White House would point to the sanctions that were imposed against two Chinese trading firms as an indicator of its commitment to halting missile proliferation, especially given the vigor with which the administration opposed the congressional legislation creating those sanctions in 1990. Those sanctions, by the way, are limited only to a prohibition on exports of United States missile technology and on United States Government contracts with the two Chinese enterprises.

THE BURDEN OF SANCTIONS

On the broader issue of who in China will bear the burden of expanded trade sanctions, it is true that if the President ultimately determines that China is still engaging in egregious human rights abuses and promoting proliferation, sanctions may well impose some costs on friends of the free market and open society in China, but let us examine those costs.

Why does the Chinese leadership, including the old-line party bosses, military chiefs, trading companies, and family networks in the Chinese military-industrial complex, want continued easy access to United States money, markets, and possible military assets? Obviously, because such goods help to shore up their position at home; U.S. trade helps to confer power and legitimacy upon precisely those government officials who are responsible both for practicing dictatorship at home and proliferation abroad. To argue that the loss of free trade with the United States would only have impacts on the advocates of the open society and free market in China is absurd. Besides, if the administration's fervent belief that any rupture in United States-Chinese trading relations would be quickly made up by an influx of companies and capital from other Western, pro-free-market nations and Japan, then the net impact on China's free-market sector may not be as severe as the administration claims.

I also doubt that the United States is not without some influence over those other Western nations to ensure that whatever cooperation follows does not contribute either to proliferation or further human rights abuses in China. Perhaps one of the best instruments available to the United States is publicity: If other nations wish to promote dictatorial practices and proliferation by China, they are free to do so, but at the risk not only of jeopardizing friendly relations with the United States but of humiliating international exposure of such cooperation. America must tell the world where it stands on these issues.

But our concern about the effect of sanctions inside China should not lead us to neglect some harsh economic realities we face here at home as we pursue business as usual with China. In the first 11 months of 1991, the United States sold about $5.7 billion in exports to China, while the United States bought over three times that amount from China.

There is, moreover, not just economic benefit from trade with China. What about the United States exporters who have seen their patents and copyrights abused by unscrupulous Chinese entrepreneurs? What about United States manufacturers of retail merchandise who have been put out of business by the influx of cheap Chinese imports? What about China's sales of goods produced by convict labor and continued charges of dumping in the United States and other nations? America's economic gain from unfettered trade with China may not be as self-apparent as the administration would like Congress to believe.

If, in the worst case, China eventually loses its United States most-fa-

vored-nation privileges, United States exporters should ask their Government: What are you doing to find alternative markets for United States goods? There is no law of nature that compels United States exporters to sell only to China. Indeed, it hardly seems supportive of United States interests for the administration to bemoan the loss of export income if Congress and the American people insist on some fundamental human rights and nonproliferation conditions on United States-Chinese trade. For United States policy to be credible, Chinese leaders must receive the sober message that if improvements are not made, the United States both can and will "simply take its business elsewhere." Surely the United States has interests in cultivating expanded trade with Pacific rim nations, Eastern Europe, the newly independent nations of the former Soviet Union, the rapidly growing economies in Latin America, our friends in the Middle East and with the civilian market of the world's largest democracy, India. It hardly serves United States security interests to harp on the alleged burdens that would be borne by the American consumer as a result of a conditional most-favored-nation approval, such posturing only plays into the hands of the Chinese leadership and undercuts United States nonproliferation diplomacy.

Is our economy in such straits that it has now become hostage to the China market; must our foreign policy now be driven by fears about what it will mean for the United States consumer price index for the Congress to put a human rights condition on trade with China? The answer is not a partisan matter; as Abraham Lincoln once wrote, "Republicans * * * are for both the man and the dollar; but in cases of conflict, the man before the dollar."

Once again, if China's leaders accepted the administration's claim that trade and technology are America's secret weapons to undermine Chinese society, revolutionize the political system, and transform the economy, why are they so enthusiastically welcoming a closer relationship? The answer is that these leaders have evidently concluded that they will personally gain from renewed commercial ties with the West, if they thought that they would not be able to manage the undesirable side effects from this trade, they would not have sought it in the first place.

PROBLEMS IN BUYING COMPLIANCE

Not too long ago, this administration was arguing that increased trade would also advance the causes of human rights, democracy, a free economy, and nonproliferation in Iraq. Similar claims were made about the provision of billions of economic and military aid to Pakistan to alleviate Pakistan's alleged security fears and thereby halt its nuclear weapons program. The Reagan administration similarly tried a policy of constructive engagement with the apartheid regime of South Africa. We got burned in Iraq and Pakistan; our policy on South Africa was unproductive and a national embarrassment. We should expect no less from a sanctions-free policy toward China.

If trade, capital and technology were truly useful as instruments of Chinese restraint in the field of weapons proliferation, why then is there so little to show by way of success in the years since President Nixon's historic trip to China in 1972? Prior to 1972, China had not to my knowledge ever transferred nuclear-capable missiles to other nations nor, according to many reliable reports, passed a nuclear weapon design to any other nation. Chinese nuclear and missile scientists were not turning up in sensitive foreign military facilities with the frequency they are appearing now. A good case could be made that the most outrageous Chinese activities in the field of proliferation occurred precisely during the period when United States economic and technological ties were strongest.

Yet whenever this issue comes up at recent congressional hearings, the subject is immediately avoided by administration witnesses and reserved for classified briefings; the general public, seeking some facts on these proliferation issues, finds only the word, "[deleted]," in printed copies of congressional hearings. The President's Annual Report to Congress on nonproliferation contains nothing on these issues, indeed, if it were not for the few items that appear in the media, the public would be kept completely in the dark. In this respect at least, the Soviet Union is not the only nation that could benefit from a little glasnost.

"OPEN DOOR" FOR PROLIFERATION?

The administration at times seems to imply that China's evolution toward a freer market will even help induce restraint in China's international behavior. I simply cannot fathom what the relationship is between the extent of capitalism in China's domestic market and progress on halting proliferation. A free market in China may even encourage an open door in reverse, involving the laissez faire international export of dangerous technologies and military hardware, many of which would have been produced with improved capabilities thanks to imports of Western knowhow and materials.

Encouraging China to have a freer market and promoting human rights in China are important goals of United States policy, but let us not for a minute believe that progress on these fronts will necessarily make China any less willing or able to export weapons of mass destruction or the means to produce them.

A few years ago, the administration argued that Pakistan's recent democratic and economic reforms would tighten the reins on Pakistan's nuclear program; yet a recent Gallup poll reports that 87 percent of respondents in Pakistan want the bomb, and in true representative fashion, their government appears to be willing to respond to this public demand. It appears that a nation's likelihood to engage in proliferation is less a function of the form of government or economy of the exporting nation than or international politics and strategic interest. China will stop engaging in proliferation when it recognizes that it stands to gain nothing and to lose a lot from such behavior. There is just no easy substitute for tough confrontation of China on a political and strategic level.

Finally, if trade is so important as an instrument of leverage, why does the administration not apply this logic to United States relations with North Korea, Cuba, Vietnam, and Libya? Should not these nations also have open societies and free-market economies? Do we not want leverage to restrain various international activities of these nations as well?

MOST FAVORED NATION AND THE NEW WORLD ORDER

The seriousness of the most-favored-nation issue goes far beyond the narrow bilateral relationship between the United States and China. There are more fundamental questions at stake here concerning broader interests of American foreign policy.

First, what is the value of a foreign policy consensus?

This debate over China's most-favored-nation status involves a classic conflict concerning the separation of powers. There is little partisanship on Capitol Hill when it comes to the basic goals of advancing human rights and halting the global proliferation of weapons of mass destruction; there is conflict, however, both between and within the branches as to how best to achieve these goals.

Such conflicts are not new, but in a thermonuclear age undergoing revolutionary political transformations at national, regional, and global levels simultaneously, it is perhaps more important that ever for "politics to stop at the water's edge" and for the country to unite behind a foreign policy that represents the consensus of the Nation. The unity of the American people in revulsion to the events at Tiananmen and to China's irresponsible peddling of arms and dangerous military technology in the Middle East and South Asia, however, is now under assault by an administration that refuses to acknowledge the failure of past policy approaches. Our policy now appears to be driven by, in Washington Irving's memorable words, the "almighty dollar."

A strong foreign policy has a strong foundation of support at home—the administration's efforts to construct a foreign policy based on a simple ability

to sustain Presidential vetoes seems destined not only to ensure divisiveness at home but to foster the perception of U.S. weakness from abroad. U.S. foreign policy is dangerously close to being "all sail and no anchor," a fragile basis indeed for a new world order.

My second question asks, is free trade sufficient for peace?

The Yankee merchant ship *Empress of China* docked for the first time in Canton Harbor in 1784. Sixty years later, China granted the United States MFN status. Missionaries came with a determination to transform Chinese society spiritually just as the traders sought to transform it materially; as one U.S. diplomat put it in 1900, "We are a moral as well as material force. We are a civilizing as well as an exploiting agency." (John Barret, North American Review, August 1900). While the bountiful dream of the China market grew in the public imagination, especially after the economic depression of 1893, diplomats also came to see China as an arena for strategic competition between Russian, Japanese, European, and American interests. The United States unilaterally sent its famous open door diplomatic notes in 1899 and 1900 both to defend America's trade interests and to protect China's territorial integrity. The press at that time hailed the opening of "the greatest of world markets," a market "of enormous possibilities" with "400 million customers." The United States acquired Hawaii, the Philippines, and dug a canal through Panama, all largely intended to open further the path to the China market.

President Theodore Roosevelt was primarily interested in preserving a stable balance of power in East Asia: Japan would balance Russia and the United States would pursue its interests through cordial diplomacy, with appropriate shows of force. However, Roosevelt's Secretary of War, William Howard Taft, was especially enthusiastic about the China market: In a speech in 1908 he predicted that "should China progress industrially, you can be sure that * * * the wealth of that country will be showered upon us. * * * " When President Taft, a Yale graduate, came to office a year later, he made it clear that United States interests in China would be given a priority unsurpassed by any previous administration. The use of the machinery of the foreign policy establishment to promote trade and investment in China was soon to be labeled "Dollar Diplomacy," a practice that has been carried on in various forms to the present day. In 1910, Taft's Secretary of State, Philander C. Knox, stated that the application of dollar diplomacy in China was "a high moral duty."

Unfortunately, both the open door and dollar diplomacy produced unsatisfactory results, both for U.S. business and strategic interests. The East Asian balance of power was altered to Japan's benefit as Japan continued to pursue its special interest in Manchuria; even the large United States houses were able to find more lucrative investments in Japan and other countries. China, meanwhile, was in the midst of revolutionary turmoil: A bloody Boxer Rebellion in 1900 and a full-scale revolution in 1911 led to a long period of reconstruction and development.

President Harding's inaugural address in March 1921 heralded "an era of good feeling to mark the birth of a new order." In terms of foreign policy, the "new order" would rest on the proposition that "ties of trade bind nations in closest intimacy and none may receive except as he gives." A month earlier, he stated, "I would rather have indissoluble ties of righteous trade promote international friendship than all the compacts ever written in the world." (New York Times, February 26, 1921.)

Herbert Hoover, both as Secretary of Commerce under Calvin Coolidge and as President, also sought to promote trade with China but not at the cost of engaging in any political commitments. Hoover was a strong believer in unconditional MFN clauses in commercial treaties—the United States customarily used only conditional MFN clauses until the mid-1920's—as was the administration of Franklin Roosevelt. Having worked earlier in China as an engineer, Hoover believed he had a personal appreciation for the commercial and strategic value of China. Yet when Japan invaded China in the early 1930's, the United States imposed no sanctions and announced only that it would not recognize any territory acquired by conquest, the so-called Stimson doctrine. Hoover saw no need for economic sanctions against Japan; in his words, the United States "should not go around alone sticking pins in tigers." In frustration over United States hostility to economic sanctions against the Japanese invasion of Manchuria, a Chinese observer described the Stimson doctrine as having the "head of a dragon and the tail of a rat."

The policies of Harding, Coolidge, and Hoover toward the new Soviet Government were largely the same: Trade and commerce were seen as the best way to promote United States interests abroad. Similarly, trade was seen by these administrators and by the Roosevelt administration as a means to influence Mussolini; when Italy invaded Abyssinia in 1935 and used chemical weapons, the United States agreed to an embargo on arms sales to all belligerents but continued to sell oil to Italy, its most precious import commodity. Trade was also seen in the 1930's as one way to influence Hitler; in 1937, Thomas J. Watson of IBM told the International Chamber of Commerce in Berlin that there would be "World Peace through World Trade." After the war was underway, Senator Harry Truman and his colleagues on a special committee investigated the extensive role of United States companies in arranging secret production agreements with German firms concerning the production of chemicals, rubber, and aviation fuel.

President Roosevelt's policy for curbing Japanese expansionism also relied heavily on moral exhortation and the avoidance of economic sanctions; his Secretary of State, Cordell Hull, was a strong believer in free trade as a basis of world peace. In 1933 he stated that "restoration of fair, friendly and normal trade relations among nations at present would not only avoid serious economic, military and political differences between countries in the future, but would go far toward composing those now existing." (New York Times, April 30, 1933). A year later, he stated, "Friendly , orderly international trade * * * is not only indispensable to the domestic prosperity of most countries; it is also one of the greatest educators, civilizers, and peacemakers." (New York Times, November 2, 1934). Building on this conviction, Hull strongly opposed the embargo on United States exports of oil to Japan until shortly before Pearl Harbor. He also rejected the advice of the United States Ambassador to Austria, George Messersmith, who urged that "economic pressure and practical isolation" be applied to Hitler's Germany. Messersmith opposed economic appeasement of Germany, saying in a letter in 1934 that "anything which we might do now would only tend to prop up the regime and lengthen its hold upon Germany."

Roosevelt himself, however, at least on one occasion acknowledged the weaknesses of economic instruments in America's policies toward China: "Dollar Diplomacy," he wrote in Foreign Affairs—July 1928—"as adopted by President Taft and Secretary Knox placed money leadership ahead of moral leadership in the Far East."

By the mid-1930's, the United States had abandoned one of the key objectives of the open door policy, protection of the territorial integrity of China, and eventually learned the hard lesson that while free trade offered many benefits, it was clearly an inadequate means to solve the world's political problems. The lesson here is that free trade has limited purchasing power when it comes to buying another nation's adherence to fundamental international norms, especially when that nation sees a strategic advantage in violating those norms.

In the cold war years, the United States broke its free trade tradition and organized a multilateral embargo on all sensitive trade with the U.S.S.R., China, and their client states.

Although this embargo surely did not prevent the Soviets from acquiring sophisticated weapons, the National Academy of Sciences has recently acknowledged that the embargo "caused them to rely on less sophisticated technological approaches, and it has forced them to invest enormous resources in military-related research and development that might otherwise have been dedicated to civilian purposes." (Finding Common Ground, 1991.) In short, U.S. Presidents from both parties in the postwar period concluded that the security costs exceeded the potential economic gain that would result from free trade with the Soviet bloc. That conclusion was adjusted only after substantial political and economic changes occurred in Eastern Europe and the Soviet Union, which nevertheless still does not have MFN status, changes which have been throttled by the ruling Chinese leadership.

Yet on May 24, 1990, Assistant Secretary of State Richard H. Solomon testified at a joint hearing of two House Foreign Affairs subcommittees that "we must avoid the temptation to be excessively punitive [with China]." Shifting from an emphasis on sanctions to one on trade, Solomon testified on June 6, 1990, before a Senate Foreign Relation Committee subcommittee that "We should not underestimate the power of international commerce as a force for change." True, but when viewed in light of the hard experiences of Taft, Hoover, Hull, Roosevelt, and more recently, when appraised relative to the $1.5 billion in dual-use goods that the United States licensed for export to Iraq over the last 6 years, neither should we overestimate the power of commerce to produce changes that advance key United States national security and foreign policy objectives.

Let us keep in mind, whenever we hear the slogan of "streamlining the export control process," that accomplishing this objective may cost us another war down the road, a war in which our adversaries will be using weapons of mass destruction built from goods that were made in the United States.

My third key question is: How will America demonstrate its leadership in the new world order?

On May 22, 1991, Under Secretary of State Robert Kimmitt testified before the House Foreign Affairs Committee that in meetings at the White House in April and May 1990, before the Iraqi invasion of Kuwait but well after Iraq had violated its commitments under the Geneva protocol by using chemical weapons in the Iran/Iraq war, tested a satellite launch vehicle, committed human rights atrocities, and broke its obligations under the Nuclear Nonproliferation Treaty, that only then had the United States explored new export controls to be employed against Iraq. Moreover, Kimmitt stated that a NSC meeting on this issue only decided to study the matter, since adoption of any new controls would have to be on a "multilateral basis."

Similarly, Assistant Secretary of State John Kelly testified before the Senate Foreign Relations Committee on June 15, 1990—shortly before Iraq invaded Kuwait—that United States economic sanctions against Iraq would only "deny U.S. exporters the ability to compete with foreign exporters [to Iraq]."

Senator Nancy Kassebaum, my Republican colleague from Kansas, answered Secretary Kelly by saying that even if our allies would not immediately join us in imposing sanctions against Iraq's human rights record, "it makes me weep to think that we are not doing more to call this to the world's attention, that we are sort of standing by and just saying, 'Well, we are trying through diplomatic channels' * * *. I think we have to be prepared to stand up and be counted."

Are we so driven to improve U.S. "competitiveness" that we are willing to pay any price for that goal? Do we truly want a trade balance that rests on the backs of our soldiers who will be sent into battle tomorrow because of what we are exporting today?

If one element of the new world order will be that the United States must no longer show leadership in great international initiatives against breaches of international security or crimes against humanity, then our Nation will have taken a giant leap, not into the 21st century, but back to the 1920's and 1930's when similar logic contributed to the death of the League of Nations and the rise of international anarchy. What is needed now is not a retreat to Harding's "era of good feelings" but a leap to a new "era of good sense."

THE UNITED STATES/CHINA NUCLEAR COOPERATION AGREEMENT

I cannot conclude my statement today without reference to the Reagan administration's negotiation 7 years ago of a new agreement for nuclear cooperation with China. In his letter transmitting that agreement to Congress, President Reagan stated that "* * * we can expect that China's policy of not assisting a nonnuclear weapon state to acquire nuclear explosives will be implemented in a manner consistent with the basic nonproliferation practices common to the United States and other suppliers."

As was often the case with nuclear agreements submitted during the Reagan administration, the same old themes were trotted out by the bureaucracy on behalf of this dubious agreement. Secretary of Energy, John Herrington, testified before the House Foreign Affairs Committee on July 31, 1985, that the agreement would "offer significant opportunities for U.S. industry to participate in what may well be a multibillion dollar market * * * the benefits, in terms of new jobs for our citizens and favorable effects on our foreign trade balances, are very clear." Pressing the economic theme, Herrington testified that "We need to get into this market. We need to be a player in it for leadership, for the survival of our own industry, and also for the information flow and cooperation agreements and relations that we can develop in this area."

With respect to security implications, Herrington added that the agreement "is a great step forward in promoting a stronger international nuclear nonproliferation regime [and that] the PRC has clearly indicated that it shares our concerns about any nuclear weapons proliferation."

Kenneth Adelman, as Director of the Arms Control and Disarmament Agency, similarly testified that the agreement with the Chinese "helps ensure that they are part of the nonproliferation solution, rather than part of the problem."

Yet buried away in the public hearing documents relating to the agreement was a single, ominous sentence in a censored letter to the President from the acting Chairman of the Nuclear Regulatory Commission saying, "We have concerns, however, regarding the adequacy of certain assurances provided by the PRC." (Letter of July 19, 1985.)

Indeed, because of China's notorious record of trafficking in unsafeguarded nuclear technology and materials—including covert dealings with Argentina, Pakistan, and even South Africa—I authored a joint resolution setting forth some specific nonproliferation criteria that would have to be met by China before United States licenses could be granted under the agreement. In particular, the President must first certify that certain basic nonproliferation standards had been met by China, including the following: that China not be actively assisting other nations to acquire nuclear weapons or relevant sensitive technology, that arrangements are in place that would be effective in ensuring that United States technology would only be used for peaceful purposes, and that the President must submit to Congress "a report detailing the history and current developments in the nonproliferation policies and practices of the People's Republic of China."

As of February 1992, Congress has still not received the necessary certifications, not a surprising development considering China's continued collaboration on secret nuclear projects in Pakistan, nuclear cooperation with Iran and Iraq, and clandestine international sales of heavy water and other controlled dual-use goods. I am indeed proud to say that Congress deserves the credit for having placed the Nation's security concerns ahead of the bounti-

ful—and it turns out illusory—profits that would allegedly have come from nuclear sales to China. In taking this step, Congress was only following a tradition well summarized by president Gerald Ford, when he stated on October 28, 1976, that America "must be sure that all nations recognize that the U.S. believes that non proliferation objectives must take precedence over economic and energy benefits if a choice must be made. The goal is to prevent proliferation, not simply to deplore it."

THE CHALLENGES AHEAD

Mr. President, the demands of the new world order will require all nations to show greater sensitivity to the collective threats posed by the global spread of weapons of mass destruction. Nonproliferation initiatives—both of the unilateral and multilateral variety—will have to get higher priority than they have received in the past. Our initiatives must not be limited to rhetorical flourishes and closed-door diplomacy. They must be deeply rooted in our national experience.

After looking over the recent record of United States policies with respect to Pakistan, Iraq, and China, I think the time has come for a serious review of the organization of our whole foreign policy establishment: Why is our system so resistant to learning from the errors of the past? Why does our machinery of government so stubbornly refuse to learn from its experiences, especially in the face of information indicating that our actions are not only ineffectual and inadequate, but may in some cases be contrary to long-term U.S. national security interests?

When China or any other nation says it is advancing the cause of human rights and nonproliferation, yet our evidence tells us otherwise, we should believe what we see, not what we hear, and adjust our policies accordingly.

When special interests press forward with notions of bountiful profits and commercial solutions to these most fundamentally political of problems, we should recall our past experience from practicing such remedies in similar situations, and ensure that long-term national and global interests take precedence over the interests of the few.

We must learn from our past if we wish to build for the future. Let us show the world where human rights and nonproliferation issues stand on America's ranking of priorities. Let us show this determination by voting now on the right terms for resuming China's trade benefits. Let us lead the way to a new world order based not on the pursuit of profits, but the achievement of peace, prosperity, and justice for all.

I yield the floor. I thank my distinguished colleague for yielding me the 7 minutes.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN. Mr. President, I yield 5 minutes to the distinguished chairman of the Committee on Foreign Relations, there being no Member from the other side seeking recognition.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, today I rise in support of the conference report to H.R. 2212, the United States-China Act of 1991. This bill prohibits the President from requesting most-favored-nation [MFN] status for China for the year beginning on July 3, 1992, unless he reports significant improvement in Chinese trade, human rights, and weapons proliferation behavior.

The time has long passed for the United States and the rest of the free world to draw the line around China's pernicious acts. The longer we excuse China from behaving according to international standards, the more dangerous the world becomes for us all.

Some will suggest that conditioning MFN will have no effect on China. But, so far, Chinese granting of MFN has not significantly improved Chinese behavior. In human rights, the Chinese tell us to mind our business. They will be held only to Chinese standards, not to international norms they committed themselves to in numerous United Nations covenants.

In trade we are running more than a $12 billion deficit with China. Yet China reportedly continues to steal American trade secrets, everything from toasters to high tech.

In 1985 the Reagan administration informed Congress that "China has now declared its opposition to proliferation and taken concrete steps toward global nonproliferation norms and practices." China agreed with that pleasing assessment: in October 1985 China's vice premier said that China "does not practice nuclear proliferation." That was the same year that China reportedly agreed to train Iranian nuclear engineers.

In January 1990, Iran and China signed a 10-year agreement for scientific cooperation and the transfer of military technology. The same year China agreed to supply Iran a micronuclear reactor. In September 1990 journalists revealed that a Chinese company had sold Iraq 7 tons of lithium hydride used in the manufacture of nuclear weapons and missile fuel in violation of the U.N. embargo. Last year China reportedly secretly aided Algeria develop a 15-megawatt nuclear reactor.

A State Department spokesman last year said that "the Chinese have stated that they will * * * act 'prudently and responsibly' with respect to missile exports worldwide." Perhaps, but Syria is reported to have received equipment associated with M-9 intermediate range missiles from China. On June 27, 1991, China's ambassador to the United States admitted that China has sent M-11 missiles to Pakistan.

On Friday the President announced he was lifting high technology sanctions against China because China has finally agreed to comply with Missile Technology Control Regime restrictions. The President is basing his decision on a letter received on February 1 from the Chinese Foreign Minister. Secretary Baker testified before the Foreign Relations Committee on February 5 that the letter was "a clear step in the right direction." That letter has yet to be released. We do not know how big a step that commitment was.

What we need are specific and reliable assurances from China. No more promises. This conference report contains specific actions that China should take not because China should improve its relations with the United States, but because China must improve its relations with the world.

This afternoon the Senate will meet in secret session to consider the implications of these dangerous Chinese actions on world stability. I urge all of my colleagues to attend. This is not a partisan issue. No responsible American should hide his or her head in the sand when this information is presented for their consideration.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I remarked earlier on the cogency of the points made by my friend of these many years, the once and future chairman of the Committee on Finance. This trade matter of course comes from the Committee on Finance.

He makes the point that the issue of human rights is one which certainly is a principle of American foreign policy and has been for a very long while, really since the Atlantic Charter that was agreed to by President Roosevelt and Prime Minister Churchill in their meeting off Newfoundland in 1942.

It goes further back to Woodrow Wilson's 14 points. It has been part of our view in the world for a very long time. And it is a view that has changed with circumstances.

John Quincy Adams was once quoted as saying that the United States is "a friend of liberty the world over. It is the defender, however, only of its own." But that time, I think, has passed. Still, to make it a uniform condition of our relations with other countries that they have a Bill of Rights and abide by it, is to put us out of touch with three-quarters of the nations of the world.

Not as many as it would have done. Freedom House studies show an extraordinary increase in democracy and human rights freedoms. Nor have we been particularly consistent. We still do not have most-favored-nation relations with the former Soviet Union, now made up of nations which, certainly by any previous standards, look democratic to us.

Certainly the Gulag is emptied out. Look around for the nation that keeps the largest proportion of the nation behind bars, you have to look to ourselves at this point. The last political prisoners have disappeared in the Soviet Union, or so we think—they have not disappeared, rather, they have reappeared to be interviewed by the New York Times.

Still, there are two questions. There is a prior question, are we under any obligation to give most-favored-nation treatment? And I would say to my friend from Oregon that that is a presumption that you are encumbered with if you are a member of the General Agreement on Tariffs and Trade as regards any other member of the GATT—you give each other MFN treatment. The People's Republic of China is not a member of GATT.

There is another matter which I would like us to consider with great seriousness, and that is that in May of last year, the U.S. Senate gave its advice and consent to the ratification of International Labor Convention 105.

Mr. President, I ask unanimous consent that my remarks before the Senate at that time be printed in the RECORD at the conclusion of my remarks today.

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

(See exhibit 1.)

Mr. MOYNIHAN. That is the convention against trading in products made by prison labor or any form of forced labor. It is the convention on forced labor.

It was a special moment for this Senator. The proposal to ratify the ILO convention on forced labor was sent to the Senate by President Kennedy. I was then assistant Secretary of Labor and I helped draft the proposal. It was the first substantive ILO convention we had ever proposed be ratified.

The International Labor Organization was a creation of the Treaty of Versailles, particularly a concern of Woodrow Wilson. It was carried out, facilitated at the first meeting here in Washington of the Pan American Union by Franklin D. Roosevelt, assistant Secretary of the Navy.

This body was frozen, stalemated by the debate over the ratification of the Treaty of Versailles. The ILO arrived in town for the first meeting of the League organization. There was nowhere to go, nobody to look after it. And Franklin D. Roosevelt emptied out the Navy Department offices, the old temporary buildings on the Mall and took care of them. And he took care that the first thing he did as President was to join the ILO. We have never really wanted to go near the actual substantive provisions adopted by the International Labor Conference. But finally we did. It took us a quarter century—it took us more—it took us almost 30 years to respond to President Kennedy's proposal, but we did.

We gave our advice and consent to ratification on May 14 last year. The instrument of ratification was deposited on September 25. And it will become effective on September 25 of this year.

Mr. President, here are products of prison labor, sold in international trade by the Chinese. You can buy these: socks with a panda with the word "boxing" and a little boxer; this fellow is playing golf, whatever.

Representative WOLF was in Beijing Prison No. 1, and not recognizing him as a Member of the House of Representatives, they thought he was a buyer. They started showing him the goods for sale.

They have stopped that. We have ratified that treaty at long last. Surely we ought to indicate that we mean it, that we intend to help enforce this international labor standard.

One other thing, Mr. President. We speak of human rights violations and we can properly say that, well, you go around the world, there are continents you could not get into with that criteria. The Senator from Oregon has used the nice term about those countries which, depending on the phase of the political moon, come in and out of some respectable standards of that kind.

But there is one large event which the Chinese stand guilty of in the most brazen and unapologetic and brutal manner, and that is the invasion and conquest of Tibet, and what is now the ongoing genocide in that region of China. They have not merely conquered Tibet; they have set about the destruction of the Tibetan people and the resettlement. Contrary to all the rules of international law, the Geneva Conventions, they are settling Tibet with Han population. They are doing, as far as we know, brutal things with regards to reproduction, births of Tibetan women. It is far away. There are no television cameras. No one hears the cries, the screams. But there has not been since the Second World War any equivalent excepting in Cambodia where it was basically an internal matter.

This provision, the law we deal with, speaks of China's abuses in Tibet. Late last year Congress also spoke of China's illegal control of Tibet, stating that Tibet's true representatives are the Dalai Lama and the Tibetan Government in exile as recognized by the Tibetan people.

There is not now anyplace in the world, anywhere on Earth, as brazen, illegal, or brutal a conquest and subjugation of another country, another culture, another religion, and the subsequent effort to destroy that culture, destroy that religion. That is, in the end, what nations are. The fundamental obligation in international law is not to do what the People's Republic of China has done, and it is to that, not in the least, that this measure is addressed.

EXHIBIT 1

[From the CONGRESSIONAL RECORD, May 14, 1991]

Mr. MOYNIHAN. Mr. President, I rise to thank the chairman of the Committee on Foreign Relations, the distinguished ranking member, and all those involved in a matter that may not be widely noticed but is of epic importance.

For the first time in our 66 years of membership in the International Labor Organization, we are going to ratify a substantive treaty, one of the five key human rights conventions of the ILO, which has meant so much to this century.

I would like particularly to note that it was 27 years ago that President Kennedy proposed that we do this in a message to the Congress. I was then Assistant Secretary of Labor. We were so pleased that finally we were resuming this relationship with the ILO with its great purposes that President Wilson so very much associated himself with.

Mr. President, I ask unanimous consent that President Kennedy's message and that of his Secretary of State Dean Rusk, and Secretary of Labor W. Willard Wirtz be printed in the RECORD at this point.

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

1963 PRESIDENTIAL MESSAGE SUBMITTING CONVENTION 105 TO THE SENATE

THE WHITE HOUSE, *July 22, 1963.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Convention Concerning the Abolition of Forced Labor (convention No. 105), adopted by the International Labor Conference at its 40th session, Geneva, June 25, 1957.

I transmit also, for the information of the Senate, the report of the Secretary of State concerning the convention, together with the copy enclosed therewith of a letter from the Secretary of Labor.

JOHN F. KENNEDY.

(Enclosures: (1) Report of the Secretary of State, with enclosed background statement and copy of letter; (2) certified copy of ILO convention No. 105.)

THE WHITE HOUSE, *July 22, 1963.*

DEPARTMENT OF STATE,
July 18, 1963.

The PRESIDENT,
The White House:

I have the honor to lay before the President, with a view to its transmission to the Senate for the advice and consent of that body to ratification, if the President approve thereof, a certified copy of the Convention Concerning the Abolition of Forced Labor (convention No. 105) adopted by the International Labor Conference at its 40th session, Geneva, June 25, 1957.

In accordance with article 4 thereof, the convention entered into force on January 17, 1959. At the present time 60 of the 108 members of the International Labor Organization, not including the United States, have deposited instruments of ratification to the convention.

There is enclosed a background statement on the development of this convention over a period of nearly 10 years.

The convention as adopted consists of a preamble and 10 articles, the substantive provisions being contained in the first 2 articles.

Article 1 provides that each ratifying member undertake to suppress and not to make use of any form of forced or compulsory labor (a) as a means of political coercion or education or a punishment for holding or expressing political views or views ideologically opposed to the established political, social, or economic system; (b) as a method of mobilizing and using labor for purposes of economic development; (c) as a means of labor discipline; (d) as a punishment for having participated in strikes; and (e) as a means of racial, social, national, or religious discrimination.

Article 2 provides that each ratifying member undertakes to take effective measures to secure the immediate and complete abolition of forced or compulsory labor as specified in article 1.

Formal ratifications are to be communicated to the Director General of the International Labor Organization (art. 3). The convention is binding only on those members which have registered ratifications with the Director General, and the convention enters into force 12 months after the date on which the ratifications of two members have been registered (art. 4). Thereafter it enters into force for any member 12 months after the date of registration of its ratification (art. 4).

The convention may be denounced by any member or party thereto after 10 years have elapsed from the date it first enters into force, by a communication addressed to the Director General; such denunciation shall take effect 1 year from the date it is registered by the Director General (art. 5). Any party which has not, within a year following the expiration of that 10-year period, exercised the right of denunciation, will continue to be bound for another 10-year period and, thereafter, by a communication to the Director General, may denounce the convention at the expiration of any period of 10 years (art. 5).

The Director General shall notify all members of the Organization of the registration of ratifications and denunciations and of the entry into force of the convention (art. 6), and shall register the convention with the United Nations in accordance with article 102 of the United Nations Charter (art. 7).

Article 8 provides for consideration of a revision of the convention. Article 9 provides that, if the Conference adopts a new convention revising this convention in whole or in part, then, unless the new convention otherwise provides, ratification by a member of the new convention shall involve immediate denunciation of this convention notwithstanding the provisions of article 5. Article 10 states that the English and French versions of the conventions are equally authoritative.

Pursuant to article 19, paragraph 7(b), of the Constitution of the International Labor Organization, the convention was transmitted to both Houses of Congress on February 9, 1959 (H. Doc. 78, 86th Cong., 1st sess.). At that time the interested departments of the Government were inclined to the view that the ban on forced labor as a punishment for having participated in strikes raised problems of a technical legal character with regard to areas of State regulation.

However, after an extensive additional review of the convention and the technical legal problems involved, the interested departments of the Government have expressed their coordinated view (see the enclosed copy of a letter dated February 15, 1963, from the Secretary of Labor) that the subject matter of convention No. 105 is wholly within the Federal competence under the 13th amendment to the Constitution of the United States, that there is neither Federal nor State power validly to impose forced labor as a punishment for a legal strike, and that, with regard to illegal strike activities, any such punishment would only come about "as punishment for crime whereof the party shall have been duly convicted." The 13th amendment to the Constitution reads in part:

"Neither slavery nor involuntary servitude, except as punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction."

Accordingly, and in accordance with article 19, paragraph 7(a), of the Constitution of the International Labor Organization, the convention is submitted herewith for transmission to the Senate for advice and consent to ratification.

Respectfully submitted.

DEAN RUSK.

Enclosures: (1) Background statement; (2) copy of letter of February 15, 1963, from the Secretary of Labor; (3) certified copy of convention No. 105.

BACKGROUND STATEMENT REGARDING THE DEVELOPMENT OF CONVENTION NO. 105

The adoption of the convention by the International Labor Conference in 1957 was the result of long and earnest consideration of the problem of forced labor. In 1947 the Economic and Social Council of the United Nations received a letter from the American Federation of Labor urging an investigation concerning forced labor and the consideration of action to abolish it. The Council adopted a resolution on March 7, 1949, which, among other things, invited the International Labor Organization "to give further consideration to the problem of forced labour and its nature and extent in the light of all possible information." This resolution came before the Governing Body of the Organization at its 109th session (June 1949). The Governing Body stated its view that there should be an impartial inquiry into the nature and extent of forced labor and the treatment accorded to such persons.

On March 19, 1951, the Economic and Social Council adopted a resolution in paragraph 1 of which it is stated:

"1. Decides to invite the International Labour Organization to co-operate with the Council in the earliest possible establishment of an ad hoc committee on forced labour of not more than five independent members, qualified by their competence and impartiality, to be appointed jointly by the Secretary General of the United Nations and the Director General of the International Labour Office with the following terms of reference:

"(a) To study the nature and extent of the problem raised by the existence in the world of systems of forced or "corrective" labour which are employed as a means of political coercion or punishment for holding or expressing political views and which are on such a scale as to constitute an important element in the economy of a given country, by examining the texts of laws and regulations and their application in the light of the principles referred to above and if the committee thinks fit by taking additional evidence into consideration;

"(b) To report the results of its studies and progress thereon to the Council and to the Governing Body of the International Labour Office."

The report of the ad hoc committee, adopted on May 27, 1953, was submitted to the United Nations and the International Labor Organization. The General Assembly of the United Nations adopted in 1953 a resolution in which it invited "the Economic and Social Council and the International Labour Organization, as a matter of urgency, to give early consideration to the report of the Ad Hoc Committee on Forced Labour."

The Economic and Social Council, at its 17th session in 1954, considered the report and adopted a resolution in which the International Labor Organization was invited to continue its consideration of the question.

During the 1956 Conference (39th session) of the International Labor Organization the Committee on Forced Labor submitted its report as a basis for discussion regarding the preparation of a new international instrument concerning forced labor. The Committee's report recommended that a convention was the most appropriate form of instrument and set forth certain proposals to be used as a basis for draft articles for the abolition of forced labor. The conclusions of the Committee were examined by the Conference and a resolution was adopted on June 28, 1956, approving the Committee report, and in particular approving as general conclusions, with a view to the consultation of governments, proposals for a convention relating to forced labor. The subject was placed on the agenda of the next general session with a view to a final decision on a convention concerning forced labor.

At the 40th session of the International Labor Conference (1957) the Committee on Forced Labor considered the draft of an international instrument concerning forced labor. The Committee submitted a draft convention to the General Conference with a report dated June 19, 1957, and the General Conference adopted the draft convention on June 21, 1957. The U.S. delegations actively participated in the discussions regarding the draft convention, which was adopted by a vote of 240 to 0 with 1 abstention. The U.S. Government and workers' delegates voted in favor; the U.S. employees' delegate abstained on the basis of the form of the instrument.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, DC, February 15, 1963.

Hon. DEAN RUSK,
Secretary of State, Washington, DC.

DEAR MR. SECRETARY: This letter will express to you the revised coordinated view of the interested departments and agencies of the executive branch with respect to the Convention (No. 105) Concerning the Abolition of Forced Labor, adopted at the 40th session of the International Labor Conference at Geneva, Switzerland, June 25, 1937. The previous coordinated view of these departments and agencies on this instrument was expressed in a letter to the then Secretary of State, the Honorable John Foster Dulles, from Secretary of Labor James P. Mitchell, dated December 15, 1958, and forwarded by the Department of State to the House of Representatives and the Senate on February 9, 1959. (H. Doc. 78, 86th Cong., 1st sess.).

The Convention requires that each ratifying member undertake to suppress and not to make use of any form of forced or compulsory labor for the following purposes: As a means of political coercion or education or as a punishment for holding or expressing political views or views ideologically opposed to the established political, social, or economic system; as a method of mobilizing and using labor for purposes of economic de-

velopment; as a means of labor discipline; as a punishment for having participated in strikes; and as a means of racial, social, national, or religious discrimination. It further requires that each ratifying member undertake to take effective measures to secure the immediate and complete abolition of the specified forced or compulsory labor.

The Convention was adopted by a vote of 240 to none, with 1 abstention. The U.S. Government and workers' delegate voted in favor; the U.S. employees' delegate abstained on the basis of the form of the instrument.

In the letter of December 15, 1958, the position was taken that article 19 paragraph 7(b) of the ILO Constitution was applicable to convention No. 105 and that its ratification was not deemed appropriate. Concern was expressed that the ban on forced labor as a punishment for having participated in strikes raises problems of a technical legal character with regard to areas of State regulation.

In view of the continuing importance of this subject in international relations and the leading role which the United States has and must continue to play in the United Nations and in the International Labor Organization on the subject of forced labor, a review has been made of the extent of the inhibitions upon ratification involved in such technical legal problems.

The revised coordinated view that the convention is appropriate for ratification has been reached after such study by the Department of Commerce, the Department of Justice, the Department of the Interior, the Department of the Navy, and the Department of Labor, each of which expressed its views to the extent which it considered appropriate. Representatives of the Department of State were consulted in connection with the formulation of this view.

As stated in the letter of December 15, 1958, "for some 90 years forced labor has been prohibited in the United States by amendment to the U.S. Constitution." In Dennis v. United States, 341 U.S. 494 (1951), upholding convictions for conspiracy to organize a group which teaches and advocates violent overthrow of the Government and conspiring to teach and advocate the duty and necessity of overthrow of the Government by force and violence, the important and careful distinction is made between this kind of activity and "the free discussion of political theories" and "the traditional rights of Americans to discuss and evaluate ideas without fear of governmental sanction" (341 U.S. 502–503). Just as there is neither Federal nor State power validity to impose forced labor as a punishment for holding and discussing political views in a lawful manner, by reason of the Federal Constitution, there is neither Federal nor State power validity to impose forced labor as a punishment for a legal strike. Even with regard to illegal strike activities, any such punishment would only come about "as punishment for crime whereof the party shall have been duly convicted."

The United States, as a member of the ILO, has assumed the obligations set forth in article 19 of the ILO Constitution. It is our view, after further study of the matter, that the subject matter of ILO convention No. 105 is wholly within the Federal competence under the 13th amendment and that paragraph 7(a) of article 19 is applicable to it. Under these provisions the Federal Government is obligated to bring the convention before the authority or authorities within whose competence the matter lies for the enactment of legislation or other action and to report the action taken.

Accordingly, it is recommended that the President of the Senate and the Speaker of the House of Representatives be advised of this revised coordinated view of the executive branch with respect to ILO convention No. 105. It is further recommended that this instrument be transmitted to the Senate with a view to receiving advice and consent as to its ratification. Inasmuch as U.S. law and practice is in conformity with its provisions, no enactment of legislation is required in its ratification.

Yours sincerely,

W. WILLARD WIRTZ,
Secretary of Labor.

Mr. MOYNIHAN. Mr. President, I yield the floor.

Mr. President, the distinguished senior Senator from California would like to speak. May I offer 5 minutes, that being our unit of time at this point? If he needs more and their is no further requests, why, he shall have more.

Mr. CRANSTON. I may need a couple more minutes.

I thank the Senator very much.

The PRESIDING OFFICER. The Senator from California is recognized for 5 minutes.

Mr. CRANSTON. Mr. President, I rise to express my full support for the conference report on the United States-China Act of 1991. This legislation is the key to correcting a bumbling U.S. policy toward a government that continues to threaten world stability and refuses to recognize basic standards of human rights for its people.

Since the administration refuses to use China's trade balance as a pressure point for reform, Congress itself must do so. Our colleagues in the House of Representatives have done their share by passing this conference report by an overwhelming, veto-proof majority.

Mr. President, this reconciliation bill requires China to do no more than it already has agreed to do in its written commitment to abide by the standards of the missile technology control regime. The legislation would ensure that if China fails to abide by its commitment, then it would not receive the trade privileges that have brought it a $15 billion trade surplus. This is a sound approach given that United States news reports indicate—and there are other indications—that China has contracts to sell missile and nuclear-related technology to Iran, Syria, and Pakistan, even after providing written assurances that it would not do so.

The administration continues to argue that restricting trade would limit its ability to encourage reform. It believes that a policy of constructive engagement yields results, such as China's recent written commitment to adhere to missile technology control regime guidelines.

However, the fact is that China has repeatedly broken nuclear nonproliferation pledges in the past:

At the White House in 1984, China's Premier pledged not to "help other countries to develop nuclear weapons."

In July 1985, the Reagan administration told Congress that "China has now declared its opposition to proliferation and taken concrete steps toward global nonproliferations norms and practices."

In October 1985, China's Vice-Premier said China "does not practice nuclear proliferation."

In September 1988, China's Foreign Minister told former Secretary of Defense Frank Carlucci that "It is totally unnecessary to worry about China's exports of military products."

In April 1991, a Department of State spokesman said "The Chinese have stated that they will act prudently and responsibly with respect to missile exports worldwide."

Despite all these pledges made over many years, the Chinese have sold ballistic missiles and launchers to Pakistan, and have contracts to sell nuclear-related material to others. And they have engaged in other like practices.

By passing this legislation, Congress would send an unequivocal signal that the United States will not tolerate China's lethal weapons trade.

The legislation also requires China to abide by the principles it agreed to by signing the Universal Declaration of Human Rights.

The Bush administration itself has said that China's human rights record is insufficient. "China's human rights practices remained repressive, falling far short of internationally accepted norms," according to the Department of State's annual human rights report. The Bush administration report confirms: "the use of torture and degrading treatment of persons detained and imprisoned"; "severe restrictions on freedom of assembly, expression, and the press were maintained"; "serious human rights abuses continued, including persistent abuses in Tibet"; "restrictions on religious practice outside officially recognized and government-controlled religious organizations"; "imprisonment in China generally entails compulsory labor." All of that from the Bush administration.

Solid evidence on China's slave labor export industry was revealed this past year. I held hearings on this issue as chairman of the East Asian and Pacific Affairs Subcommittee. According to testimony by the United States Customs Service, goods suspected of being made by forced labor in China were reaching the United States.

Talks between the United States and China on the issue of Chinese prison labor exports have stalled. China's negotiators have refused to accede to international inspection of suspected prison sites. Any memorandum of understanding reached between the United States and China on this issue will be meaningless unless independent international inspections are included.

This conference report requires improvements in basic human rights in-

cluding the release of all those detained or sentenced for their participation in the 1989 pro-democracy demonstrations.

The legislation calls for significant progress in the additional human rights areas where China's record falls so short.

The United States must maintain its leadership in promoting universal human rights. Other countries are beginning to turn a blind eye to China's repression—but we must not close our eyes.

The Chinese leadership has promised to stop violating our intellectual property rights but have yet to provide a timetable for enforcement. Other serious barriers continue to block United States access to China's enormous markets. The conference report also addressed the improvements needed in China's trade practices in order for it to continue to reap the benefits of preferential tariff treatment.

Mr. President, this week marks the 20th anniversary of the Shanghai Communique, the pronouncement which has shaped contemporary Sino-American relations. We began this dialogue in order to discuss issues of mutual concern. But since those inaugural talks, China disregarded United States concern over weapons proliferation, human rights, and unfair trade practices.

We must reevaluate our approach to China. China's intransigence on issues of importance to the United States indicates that stricter measures are needed to make our position clear.

We will not tolerate China's greedy sale of weapons of mass destruction to unreliable nations.

We will not accept the persecution of peaceful pro-democracy activists as a simple incident.

We will not stand by and let American businesses be locked out of markets while ours remain wide open.

Mr. President, I urge my colleagues to stand with me and the other cosponsors of this important piece of legislation. The time for Congress to correct United States policy toward China is overdue. The time for us to act is now.

The PRESIDING OFFICER. Who yields time?

Mr. PACKWOOD. Mr. President, I yield 5 minutes to the Senator from Wyoming.

Mr. SIMPSON. Mr. President, I want to express my opposition to the conference report on H.R. 2212. I oppose this conference report despite the good faith views held by its proponents. There is not one of us in this fine body who is not deeply concerned about human rights violations in the People's Republic of China. We are gravely concerned about missile and nuclear proliferation by the PRC.

Those concerns are very real. We all have them, and it would be disturbing if the administration were not taking steps to deal with them in the most aggressive manner.

I agree with the administration that our responsibilities are best met when our Nation can help direct the course of change by maintaining dialog, communication with, and influence upon the People's Republic of China.

My decision to oppose this conference report comes down to one very simple concern: how do we maintain our influence over the practices of a country with one-fifth of the worlds population once we have withdrawn a trade status which we give to 162 other countries on the face of the Earth?

I think it has been said in the debate very well by the Senator from Oregon [Mr. PACKWOOD] that this is not some cherished thing. This is something we give to countries that we do not agree with on much of anything. Syria, sometimes. Libya, certainly all of the time. Iran most of the time. And so it is not something we hold very dear. It is something that we do with many other countries with whom we do not agree in any way or in any way with their government.

How do you deal with the real issues of the day on the planet Earth such as the environment, such as ozone depletion, global warming, population control, nuclear proliferation, and then leave out one-fifth of the world's people in the discussion? It has no ring of sense to it whatsoever, even though we all want to do a number on it.

Let us get that very clear. That is what we want to do. How do you talk about these things on planet Earth when you leave out a government that represents one-fifth of the world's population?

We first gave them this status in 1979. It is not some all-encompassing thing. It is a nondiscriminatory rather than a favorable treatment. It is economic policy and not foreign policy, and we are getting it confused. The filter system is breaking down as to what we want to do here.

We have done a lot of this type of thing in the past, unilateral actions, for instance the grain embargo. We end up shooting ourselves and American exporters and consumers right in the foot. The greatest injury has always been to our own national competitiveness. That is what we always find. It is always the same.

I believe that only with the renewal of MFN to China can we best serve the cause of freedom and human rights in China. This is not the stick to be used in China in any disagreement over that nation's human rights policies. Retaliation is a certainty—and all it would accomplish would be a removal of a positive American influence in that nation.

That is how the young people in Tiananmen Square got interested, because of the American influence. That is how they will remain interested. Other countries would only move in if we leave, if we step out, and indeed they are moving in to fill the gap.

Most importantly—and I will conclude, within my limited time—others wish to speak—this is going to inflict some very serious injury on our friends in Hong Kong and in Guangzhou Province, once known in the West as Canton, where many of the democratic reformers in China work and live and from where they spread their message. This booming area, the Pearl River delta, now boasts the fastest-growing economy on Earth. The area's average annual growth rate of 15 percent is unmatched by Japan, South Korea, Taiwan and Asia's other tigers in similar development stages.

That little province in southern China amounted to 5 percent of the total industrial output and 10 percent of exports with the People's Republic of China in 1990. Today it produces a disproportionate share of the worlds toys, shoes, clothing and other industrial goods. And most importantly to our own economy, Western companies use the areas as a gateway for getting consumer goods into China.

We cannot undermine the stability of this area by pulling the economic rug out from under Hong Kong and Southern China.

This is one of those steps that we would like to take because of political pressure and urging and feel good. But when we leave out one-fifth of the world's population from deliberations of critical nature to the world and its people, I think that is a grave mistake.

Most importantly, we cannot forget this manner in which capitalist and democratic values of Hong Kong are penetrating the area's consciousness. There is an old adage, "There are few easy successes, even for those who do everything right." Hong Kong and Guangzho Province have done everything right on the road to democracy. Revoking MFN would injure these forces for reform by threatening their stability and prosperity in the few years prior to 1997 when Beijing will assume control of Hong Kong.

Let us look at positive steps that have been taken in the United States-People's Republic of China relationship. The administration has maintained a continuing dialog with Chinese officials on human rights. High level visits have been authorized in order that U.S. officials could personally, face to face, outline the threat human rights abuses pose to our bilateral relationship. General Scowcroft, Deputy Secretary of State Eagleburger, Assistant Secretary Schifter, Under Secretary Kimmitt, and most recently Secretary of State James Baker have actively participated in this important dialog to stress the need for reform in China. Most of those detained after the Tiananmen tragedy have been released and missing

political activists and their families' whereabouts have been accounted for.

Another very real achievement was the recent confirmation by Chinese officials to adhere to the Missile Technology Control Regime [MTCR] guidelines and parameters. That confirmation came in exchange for the lifting of sanctions on two Chinese companies—which was announced last week. The sanctions had been put in place to encourage the Chinese to engage in nonproliferation discussions. They prohibited U.S. importation of missile technology transfer systems and U.S. export licensing of satellites and high-speed computers.

Currently, there is a debate as to whether or not the recent transfers of components by China to Syria, Iran, and Pakistan are of the missile component category I or the dual-use category II. All transfers to date have not been determined by the administration to be in violation of MTCR limits. The transferred items were deemed, at best, dual-use—the end uses of the sold items were not ascertained.

Chinese acceptance of nonproliferation principles will not be accomplished in isolation. The administration is keeping a close eye on the situation and is ready to impose sanctions if true missile sales do take place. Constructive nonproliferation negotiations can only occur if we maintain dialog. Denying MFN will eliminate that vehicle for dialog and we will lose what little influence we have to persuade the Chinese to limit missile and nuclear technology sales.

I am also very aware of the trade deficit that exists with China—$2 billion in 1987, increasing to an estimated level of $17.4 billion in 1991. It is serious. The trade deficit must be dealt with immediately. I do not argue with that one whit. Yet tying the trade imbalance to the renewal of MFN is not the answer. Are we saying that we do not have other bad trading partners? I can think of one which has a $50 billion imbalance with us. We deal honestly with other countries where we have trade deficits in an effort to try to reduce those figures. That is what I think we must do here.

My fine State of Wyoming would be greatly impacted by revoking MFN status. In 1990, $790,000 in agricultural products were exported to China, down from a high of $1.3 million in 1989. Over $1 million of Wyoming produced chemicals have been exported annually to China for the last 3 years. Other Wyoming exports include livestock, fish products, lumber, textiles, and many others, totalled $4.8 billion in 1990.

I am not going to put this question solely on the basis of parochial economic gain. I am instead going to put it on the simple basis: How do you affect change in the People's Republic of China? I think that anything constructive can only occur with dialog. Denying a 1-year extension of MFN would only undercut our long-term objectives. Denying MFN would only serve to repress the Chinese people further and reverse the modernizing trends that are still nourishing the prodemocracy forces. Let us not forget that American involvement in China helped to produce the major social and economic changes behind the Tiananmen Square demonstrations. Despite the tragic and brutal results of the demonstrations, greater U.S. interaction will lead ultimately to greater influence and peace and stability.

We must accept the fact that we cannot solve the world's problems by simply using ostracism, isolation, and intransigence. I believe that if we take that approach only, without taking the concrete positive steps that make progress possible, we will fail in our efforts to advance American ideals.

The PRESIDING OFFICER. Who yields time?

Mr. PACKWOOD. Mr. President, this has been a good debate. I do not have anybody else on our side that I know of who wants to talk on this. I would be happy to yield some time to Senator MOYNIHAN if he wants to make comments.

Mr. MOYNIHAN. Mr. President, I believe the distinguished Presiding Officer would like to speak. Could he have 5 minutes?

Mr. PACKWOOD. He could have 5 minutes. I ask this, as I realize he is speaking I believe in support of the conference report, that if some people on our side come who want to speak for it, I will need some time.

Mr. MOYNIHAN. We will stay here until everybody has spoken.

Mr. DECONCINI. Would the Senator yield me 5 minutes on those conditions?

Mr. PACKWOOD. I will, as long as I know who wants to speak for the conference report. As I understand the allocation of the time, the time we have when we come back is equally divided so that my yielding any time now does not come off of that time.

The PRESIDING OFFICER (Mr. MOYNIHAN). The Senator is correct.

Mr. PACKWOOD. With that, I am happy to yield 5 minutes.

Mr. DECONCINI. Mr. President, I am pleased to join with the majority leader and many of my colleagues here today in urging the Senate to pass overwhelmingly the conference report conditioning most-favored-nation status for the People's Republic of China.

As you know, the centerpiece of U.S. foreign policy has historically been the pursuit of democracy and protection of human rights around the entire globe. We can be proud of that policy.

Yet, President Bush has asked us to ignore the very underpinnings of that foreign policy. President Bush has asked this Congress to unconditionally extend most-favored-nation status to China, a country that is responsible for nuclear weapons proliferation, slave labor, unfair trade practices, and deplorable human rights records that would make Saddam Hussein look good.

During the cold war, Congress and the President spoke with one voice, a loud and condemning voice, against the Soviet Union for such practices that are now commonplace in the People's Republic of China. Now the President wants this Nation to send a message to China that such practices are acceptable. In view of the past and current Chinese actions, this Senator finds the unconditional granting of most-favored-nation status to the People's Republic of China almost obscene. No; it is obscene that we should have such a change in foreign policy by sleight of hand.

In August of last year, at Yale University, President Bush said:

> MFN is a means to bring the influence of the outside world to bear on China

What has the civilized world received from China in the past 2 years in return for extending MFN? Not much, I tell anyone here. First, there is the officially reported population of 160,000 prisoners who never received the benefit of a trial, who are performing slave labor. It is estimated that forced labor may be in the millions, even 20 million people; we do not know.

The State Department acknowledges that China's human rights violations "remained repressive, falling far short of internationally accepted norms."

The Chinese Supreme People's Procuratorate concluded in a report dated April 1991 that there were nearly 500 cases of confessions extracted through the use of torture; 500 cases—that we have been able to surely identify by the People's Republic's own admission—through the use of torture. Former detainees have reported that the Government subjected them to cattle prods, electrodes, prolonged periods of solitary confinement, and beatings, in order to get a confession, thus creating exceedingly harsh conditions in Chinese prisons.

Also, the People's Republic of China illegally occupies the country of Tibet. China has reportedly executed 1 million Tibetans in its continued policy of genocide. Where is the voice of the United States condemning these policies? When the recipient of the Nobel Peace Prize, the Dalai Lama, addressed Congress last year, he confirmed these atrocities against a peaceful, independent people. These people are being denied the most basic of human rights: Freedom of the press; freedom of speech; freedom of conscience; and most importantly, freedom of religion, while Chinese troops occupy their country.

How can any country employing such practices even be a candidate for MFN?

This debate, however, is not only about immoral human rights practices.

In times of economic hardship, how can the United States afford to extend most-favored-nation status to a nation with inequitable trade practices such as China? Our trade deficit with China has risen steadily since the Tiananmen Square massacre. In 1989, the trade deficit sat at $6.3 billion. In 1990, it grew 67 percent, to $10.5 billion; and the estimate for 1991 is approximately a $15 billion deficit. And while our trade deficit with China grew, our exports to that country shrank 17 percent between 1989 and 1990.

All you have to do is go to the local hardware store in your neighborhood, and you will see what the Chinese are exporting here. You cannot buy a pair of pliers that is not made in China anymore. I have literally tried to do that. That is not in the best interest of the United States, not to mention the U.S. plier business.

To its credit, China has taken certain steps to clean up its woeful record in the area of protection of United States intellectual properties. In the past, United States businesses suffered as a result of China's unfair trade practices. The problems were so bad that the Bush administration could not ignore them any longer. In May 1991 United States Trade Representative Carla Hills initiated an investigation of China's intellectual property rights practices under the special 301 provisions of our trade laws.

On January 16, 1992, Ms. Hills announced that the People's Republic of China had committed to protect United States intellectual property, including computer software, sound recordings, and agri-chemicals and pharmaceuticals in a signed agreement. Carla Hills called me personally to inform me of this action and I congratulate her for her persistence. Unfortunately for all of us, the Chinese waited until the 11th hour—until the deadline for the beginning of United States retaliation—to conclude this agreement. I would remind my colleagues, changes in Chinese behavior only occurred as a result of firm United States pressure.

Nor is China's record as a partner of the United States in building a more stable, peaceful, post-cold-war era a strong one. China, while not vetoing any of the United Nations Security Council's resolutions, did nothing to contribute to helping the Persian Gulf allies put down Saddam Hussein's aggression in the Middle East. Instead, China has been busy making the world a more violent and less stable place. China has reportedly provided Pakistan—a country with which United States ended foreign and economic aid because of its nuclear weapons program—with a complete design of a tested nuclear weapons, and with enough enriched uranium to build two atomic bombs. Apparently, China has also sold Pakistan the M-11 missile, which is capable of delivering a nuclear weapon approximately 185 miles. China also helped Pakistan develop its first nuclear-capable missile.

Prior to the Persian Gulf war, China sold Iraq 30 Silkworm antiship missiles and helped boost Iraq's nuclear weapons program by assisting the Iraqis to produce nuclear fuel. In fairness to the President, however, the Chinese have not played favorities.

China has also assisted both of Iraq and Pakistan's historic rivals—India and Iran. Both nations have received substantial assistance from China in their efforts to develop both nuclear and conventional weapon systems. India has been sold over 130 tons of the heavy water, which can be used to produce plutonium for nuclear weapons. China has trained Iranian nuclear technicians and helped them develop short-range missiles. In addition, China has reportedly sold Iran 30 Silkworm antiship missiles.

To this Senator, it appears that the stronger George Bush pushes for MFN status for the People's Republic of China the more convinced the aging leadership in Beijing becomes that they will not have to change their current prepressive and destabilizing behavior. Indeed, the only time China makes any positive changes is when pressure from the United States and other nations forces it to. Faced with the prospects of stiff sanctions during Congress' MFN debate in 1990, the PRC released 200 prisoners incarcerated for nonviolent demonstrations. It later allowed physicist Fang Li-zhi to leave China for the West. You will recall that Dr. Fang had to take refuge in our Embassy because he faced persecution and severe punishment—perhaps even death—from the Chinese as a result of his prodemocracy stance. Ultimately this act was to our Nation's immense advantage because, since his departure from China, Dr. Fang has accepted a professorship in the physics department at the University of Arizona in Tucson.

Similarly, last year, as this debate approached, two peace leaders were also released from Chinese detention. These actions are not coincidental." Indeed, they clearly demonstrate to this Senator that China is vulnerable to sanctions and will only be convinced of the need to cease its current tyranny through appropriate, measured actions taken on the part of the United States.

I urge my colleagues to push for a China that can join the family of civilized nations. I urge this action not just to protect jobs for Americans, not just to lower our trade deficit, and not just to help the people in the Third World who have only known war and personal loss. I also urge this action for the people of China who have earned the right to live in dignity and freedom. This may be an economic battle, but it is also a moral one.

I urge my colleagues to support the conference report.

Mr. PACKWOOD. Mr. President, I yield 5 minutes to the Senator from Massachusetts.

Mr. KERRY. Mr. President, I thank the distinguished Senator from Oregon for his willingness to yield some time.

Mr. President, when this issue first came up last summer, I think for a lot of us it was not an automatic decision; it was not a quick and easy choice to set up an equation that would somehow automatically lead to a cutoff of the relationship with China.

I think the debate is, perhaps, in view of the changes that have been made in this legislation and what it now represents, inappropriately defined as an automatic cutoff. It is not automatic. The choice is really up to China. What we have here, I think, at a minimum, are the requirements that one could put in place to force some kind of activity.

I personally feel there is not any question, as opponents of the legislation have pointed out, that we do derive some significant benefits from MFN. Americans have obviously invested a great deal in China, mostly in the south, where economic reforms and a free market system have begun to take hold.

We export $5 billion worth of goods to China, which obviously means something to our businesses. Yes, there might be an upset—and there will be if there were to be a cutoff—in the relationships in Hong Kong, and so forth. And, yes, there is an argument to be made that everything we can do to expose China to democratic values, and goods, and ways of doing business is a help.

And there is always an element of risk in this choice that we might make, that unilateral sanctions could conceivably backfire, and therefore trigger some xenophobic reaction that would make concessions on key issues more difficult. All of that is a possibility.

That possibility has to be weighed against the current reality. The reality is that there is both a moral and practical imperative that demands that the United States Senate exercise a judgment to attach reasonable conditions that only ask of China that it make real on its continued promises to behave according to the standards of international behavior.

That is all that is asked here; nothing more. It is not automatic. There does not have to be a severance of relationships. The choice is whether or not China wishes to make good on the words it has uttered to date it wants somehow to have a better standard of behavior in the world today.

When you balance those things in this legislation which allow the President to make a judgment as to whether or not significant progress is being

made, the President really is being dealt all of the cards with respect to this legislation.

So this is marginal, I really feel. For those of us who have balanced the other considerations with respect to continuing the relationship, I think it is important to note that. It seems to me that we also ought to take note from what has happened in Eastern Europe and in the former Soviet Union; that if we have learned anything in these past 10 or 15 years, or perhaps all the years of the cold war, it is that what we choose to do in the United States with our policy and our words does count.

It makes a difference. I think our vote here in the Senate on this issue ought to count. It is clear that for countless people in numerous countries now who are trying to be democratic, they were inspired by the positions that we took.

It is appropriate for us to have two demands here. One, that those people who were arrested for demonstrating in support of democracy, those 1,000 people detained during the events of 1989 and sent to reeducation camps where they remain today, ought to be accounted for; and, two, the only other ironclad agreement requested in this bill is that China refrain from selling long-range ballistic missile launchers or other nuclear weapons—weapons-related materials—to Syria and Iran. They say they are doing that. The bill takes them at face value.

Really, you come back to one requirement, one requirement, on which the condition of MFN stands, and that is the accounting for political prisoners, the accounting for those people detained in Tiananmen Square. If the United States of America and the Senate cannot make that requirement of China, which has been ignored for so many years in terms of standards of behavior and decency, then we do not deserve to be advocating the kind of things we advocate so early but are unwilling to back up in terms of actions and policies.

Mr. President, I understand the basic position of the President, which is that we will have more leverage if we do not do this. But nothing in the last years has shown there is any leverage at all, that any behavior has changed. It is time for us to force that kind of change.

I yield the floor.

Mr. KENNEDY. Mr. President, I ask unanimous consent to be able to proceed briefly on the most-favored-nation issue.

Mr. PACKWOOD. On most favored nation?

Mr. KENNEDY. Yes.

Mr. PACKWOOD. We have 8 minutes remaining. I am happy to yield 5 minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I give my strong support to this measure to condition President Bush's renewal of most-favored-nation trading status for the People's Republic of China.

Since the bloody Tiananmen Square massacre in June 1989, the Chinese Government has time and again demonstrated its unwillingness to adopt democratic reforms or moderate its brutal policies.

President Bush has consistently adopted a double standard with respect to human rights, free trade, and arms control—a lenient standard for China and a strict standard for the rest of the world.

It is time for the United States to abandon this policy and take a more active role in supporting prodemocracy forces and the long-suffering Chinese and Tibetan people.

Following the Tiananmen Square massacre, President Bush imposed significant sanctions against the Chinese Government.

Since that time, however, the administration has gradually weakened these sanctions, even though the Government of China has continued its repressive policies.

Since the Tiananmen Square massacre, the Chinese Government has detained 30,000 prodemocracy advocates, executed an undisclosed number of individuals, and sentenced more than 800 persons to prison.

In addition, Chinese troops continue to occupy Tibet illegally. Under orders from Beijing, the army has extended its brutal repression of the Tibetan people and expanded policies designed to destroy Tibetan culture.

America must play a more effective role with respect to the Chinese Government's human rights practices. Conditioning MFN upon an improvement in China's human rights policies will demonstrate the more serious commitment that America ought to make.

Another purpose of granting MFN trading status is to promote free trade—a goal which we all share. Yet, while our trade benefits flow to China, China has shut its gates to our products and continues to use prisoners as slave labor to lower the price of exports.

On the issue of arms sales, American intelligence reports indicate that China is continuing to sell missile technology to Syria, Iran, and Pakistan, and nuclear technology to Iran, despite assurances by Chinese leaders that they would curb such exports.

American trade policies should not be used to support the repressive policies of the Chinese Government.

The Goddess of Democracy, the symbol of the pro-democracy movement, was modeled upon American values of freedom and equal justice.

If America is to retain leadership in the cause of democracy around the world, we must act in a manner consistent with these values and resist policies that accept repression.

I urge the Senate to support this timely and important measure.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. I yield 5 minutes to the Senator New York.

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

Mr. MOYNIHAN. Mr. President, it is with genuine regret that I rise to ask unanimous consent that there be printed in the RECORD an article that has just come to hand from the London Observer of this weekend, which is entitled "China Escapes From Pariah Pit."

China has been hauled back from the United Nations human rights pariah pit, in which it would have been condemned on the issue of Tibet, by the efforts of the United States Government to prevent the U.N. Commission on Human Rights from condemning Chinese behavior in Tibet.

This is a painful thing to record. It happened last week. It says here: "It is understood in Geneva that the last-minute American resolution was entirely for internal political purposes."

The Americans have led the way in enabling Peking to escape this disgrace. I regret this. I cannot attest to its truth. I can attest to the quality of the journal in which it appeared.

I ask unanimous consent that it be printed in the RECORD.

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

[From the London Observer, Feb. 23, 1992]

CHINA ESCAPES FROM PARIAH PIT

(By Jonathan Mirsky)

China has been hauled back from the United Nations' human rights pariah pit, in which it would have joined Iraq and Burma, by a consortium of western countries reluctant to hurt Peking's pride on this issue of Tibet.

Hours of intensive manoeuvring late last week at the Geneva meeting of the UN Commission on Human Rights resulted in the emasculation of a resolution that would not only have condemned Chinese behaviour in Tibet, but would have cast a shadow over Peking's claims to sovereignty in the region. The condemnation—China's first from a non-governmental body in 25 years—will remain, but China's claim to sovereignty over Tibet remains unchallenged.

It is understood that the US, Britain and Italy led the struggle to take the focus off Tibet as a separate entity. The resolution will no longer be called "Situation in Tibet'; it is likely to become 'Tibet-China'.

But the core of the alteration lies deeper. The original draft referred to the 'distinct cultural, religious and national identity of the Tibetan people'. This has been altered to '. . . and ethnic identity of the Tibetans'.

The words 'national' and 'people' are revered concepts in UN circles and often imply the right to self-determination—which is explicitly referred to in the UN General Assembly's 1961 and 1965 resolutions on Tibet.

At a stroke, a gigantic loss of face for Peking has been averted, together with a blow at one of its most sensitive points; genuine Tibetan autonomy.

The Americans have led the way in enabling Peking to escape this disgrace. Late last week the US delegation to the commission suddenly proposed a sweeping resolution criticising China's entire human rights record, to be substituted for the Tibet-only resolution.

It is understood in Geneva that the last-minute American resolution was entirely for internal political purposes. By being seen to attack Peking, and include some mention of Tibet, the White House believe it would persuade Congress not to vote against renewing China's Most Favoured Nation trading status, which is close to President Bush's heart. It is expected that a majority in the commission will support a resolution with the title 'Tibet-China', which will satisfy many governments and offend none.

Lodi Gyari, the special envoy to the UN for the Dalai Lama, Tibet's spiritual and temporal leader, who is pressing the commission to stick to the Tibet resolution, pleaded with the commission to oppose any resolution that avoided Tibet's separate status and strengthened China's hand in the region.

But despite what Amnesty International and other organizations have disclosed about Chinese depredations in Tibet, and despite Tiananmen, Bush regards China's leaders as his friends.

Britain, despite its remarks about 'the situation in Tibet', worries about Hong Kong. Italy has been offered lucrative contracts for the development of Shanghai. No government wants a China headed for a Soviet-style break-up.

Mr. PACKWOOD. Mr. President, I believe the order is to stand in recess at 1 o'clock; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. PACKWOOD. I yield the remainder of time to the Senator from Massachusetts, who, I believe, has another matter and then the Senate will stand in recess when he concludes.

The PRESIDING OFFICER (Mr. KERRY). The Senator from Massachusetts is recognized.

Mr. KENNEDY. I thank the Chair.

(The remarks of Mr. KENNEDY pertaining to the introduction of S. 2255 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

PRIVILEGES OF THE FLOOR

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the following staff be permitted to be present during the closed session of the Senate from 2:30 p.m. until 4 p.m. today.

Rich Arenberg, Al Lehn, Bob Bell, Rick Finn, Pat Tucker, Brian Dailey, George Tenet, Don Mitchell, Fred Ward, James Wolfe, Marvin Ott, Jennifer Sims, Art Grant, Richard Kessler, James Rubin, Dave Sullivan, Bill Triplett, Ken Myers, and Steve Cortese.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered.

RECESS UNTIL 2:30 P.M. AND CLOSED SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will stand in recess until the hour of 2:30 p.m., at which time the Senate will reconvene in closed session.

Thereupon, the Senate, at 1:02 p.m., recessed under the previous order and reconvened in closed session; whereupon, at the conclusion of the closed session, the Senate reassembled in open session, under the previous order, at 4:10 p.m. when called to order by the Presiding Officer [Mr. LIEBERMAN].

MOST FAVORED NATION TREATMENT TO THE PRODUCTS OF THE PEOPLE'S REPUBLIC OF CHINA—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

The PRESIDING OFFICER. Under the previous order, the time until 4:45 p.m. is equally divided and controlled between the two leaders. The Chair recognizes the majority leader.

Mr. MITCHELL. I yield 5 minutes to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington [Mr. GORTON].

Mr. GORTON. I thank the distinguished majority leader.

Mr. President, I start by agreeing to the sentiments expressed a few moments ago by the distinguished Senator from Wyoming [Mr. SIMPSON] in wishing debates in open session could be as earnest and to the point as were debates in closed session. Wishing we would have more such sessions as that, we would do better on the floor.

Nevertheless, I think the course of the debate during the day shows that the two sides of this debate agree on a common goal. That common goal is to change the actions, the attitudes, and the policies of the People's Republic of China in three respects: With respect to the proliferation of weapons of mass destruction; with respect to human rights for the people of China itself, including racial minorities within China; and with respect to trade practices of the People's Republic.

The argument on behalf of the administration, Mr. President, was, I think, somewhat better 2 years ago than it is today. It is a valid argument, that by retaining most-favored-nation treatment, by not threatening its immediate withdrawal we might do better in each of these three areas through careful and incremental negotiations.

But during the course of that 2 years, Mr. President, we have had modest, at best, progress with respect to the proliferation of weapons of mass destruction. We have had only the tiniest advances in human rights, a few people released from jail and from prison sentences, but others put in. And, Mr. President, I submit that we have moved backwards on trade relationships with China, backward from a trade deficit of $3.5 billion in 1988 to one of over $12 billion in 1991. During that period of time, exports from the People's Republic of China to the United States have more than doubled while imports by the People's Republic of China of our goods have gone up by a bare 10 percent.

Therefore, Mr. President, it is my view that the idea that the passage of this bill will automatically result in the termination of most-favored-nation treatment for the People's Republic of China and it becoming an outlaw nation is naive and primitive to say the very least; that the People's Republic of China will do absolutely nothing, meet no conditions whatsoever to save an $18 billion or more a year export trade with the United States, an export trade which it cannot substitute another recipient for, whatever it can do with respect to imports, seems to me to be highly pessimistic at the very least and naive at the most.

It is my view that the People's Republic of China will do a great deal to retain that trade relationship. And it is the view of this Senator that the most important thing that it can do is to agree to be at least equally open to goods produced in the United States as it wants this market to be for the People's Republic of China's own goods.

Mr. President, I think we are faced with a fundamental problem. Do we bet on the present 85-year-old gerontocracy which rules China in a highly oppressive fashion at the present time, or do we bet on the future?

There are two other events of the world which have taken place in the past 2 years and there was a bet on whoever was in power. I believe our relationship in all three of these areas will be better when the next generation takes over, and the next generation is more likely to take over more rapidly if we do not pop up and encourage the very politics conducted at present. If we do, we give lip service to it. I am in favor of the conference report.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. I yield 4 minutes to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island [Mr. CHAFEE], is recognized for 4 minutes.

Mr. CHAFEE. Mr. President, we are here today once again to decide the fate of United States-Chinese relations. We will also decide on what approach we will take to bring about democratic reforms in China and responsible behavior by the Government there.

At the outset, I think we ought to make clear what we are talking about today, or more precisely what we are not talking about. First, we are not talking about whether China has acted irresponsibly in the past, because they have. We all agree that China has failed with respect to the human rights of its citizens. We all agree that in the past China has failed to protect American intellectual property, for example. We can even agree that China has acted improperly or irresponsibly anyway in

exporting missile and nuclear technology.

Second, what we are not talking about today is the granting of some special privilege status. If there is anything that is a misnomer, it is the words most favored nation. The truth in labeling law ought to get that expression. It is not the most favored nation. What it means is treating China just like we treat every other nation in the world with the exception of four or five. If we made a list of those nations that we think are bad it is Iraq, Iran, Libya, Pakistan to some degree. All of those nations enjoy most-favored-nation treatment.

So what we are saying to China is we are not going to let you be in that same category if this conference report should be approved. In fact, the only nations that do not enjoy most favored nations, listen to these, Cuba, Vietnam, Laos, Albania, North Korea, and Romania; nations with which we have virtually no economic, social, political, or any other ties whatsoever. So we are not talking about some special status that we are giving China.

What this debate is all about, it seems to me, is how can we best bring about progress within China. There is a certain group here that says cut them off; just end all relationships until they do what we want them to do.

We are talking about a Nation that has a history longer than ours, far longer than ours; a Nation that is an incredibly proud Nation; a Nation that has indeed enjoyed isolationism through much of its history.

Anybody who has ever read Marco Polo can understand what the isolation in China is like. When World War II was over, did China come and join the family of nations? Not at all. They went again into isolation, and so that great wall we are all familiar with was resistant to all outsiders.

Mr. President, I thoroughly believe that the way to bring China back into the family of nations to the degree we would like, where we would like them to respect the individual rights of it citizens, where we would like to see a free press, where we would like to see right of assemblage, where we would like to see the end of shipment of proliferating weapons, the way to do that is to keep up contact with that nation.

Mr. President, the way to do that is to keep these lines open. Under the legislation that is before us today, there is no way in the world that China is going to meet all those requirements.

So, Mr. President, I feel very strongly that the conference report should be turned down and that we continue as we have in the past granting China most-favored-nation treatment.

The PRESIDING OFFICER. Who yield time?

Mr. MITCHELL. Mr. President, I yield 3 minutes to the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from North Carolina [Mr. HELMS].

Mr. HELMS. I thank the distinguished majority leader.

Mr. President, let it be clear the question before us is whether there will be an extension of MFN to Communist China without any conditions—or whether the President will be required by law to take human rights, trade and arms sales into consideration—and whether we will make a permanent change in the law to take the profit out of slave labor. That is what the conference report proposes and I support its adoption.

Mr. President, Catholic Bishop Paul Shi died for his faith last November while in the custody of the Communist Chinese police. It is not known, as the Catholic News Service reported in December, whether Bishop Shi was beaten to death but it is known that the Communist political elite, which controls the mainland of China, so fears the word of God that they feel they must imprison and murder religious leaders.

Violent conduct of this nature calls for a very strong rebuke by the free world, if for no other reason than to let the Chinese patriots who yearn for freedom know that we care.

Our major leverage is economic, the 19 billion dollars' worth of Communist Chinese exports into the United States. Without most-favored-nation trading status, those exports could decline precipitously, putting enormous pressure on the Communist regime in Beijing.

In late 1991, the House of Representatives had the chance to vote to bring MFN with Communist China to an end—and they did by a bare majority. The resolution of disapproval currently is pending before the Senate, but the decision has been made to not bring it up to give the Senate the same opportunity to vote on it. I regret that decision.

The legislation before us—the conference report granting MFN to Communist China with conditions—is not my choice. I would far prefer to have a straight-up-or-down vote on MFN for Communist China, yes or no, in which case my vote would be a resounding no.

No to 40 years of crimes against the Chinese people, including deaths and imprisonments for religious beliefs.

No to unrelenting unfair trade practices against American workers and companies.

No to arms sales to antidemocratic regimes in the Middle East.

But a yes-or-no choice is not an option available to the Senate. The question before us is whether the President may extend MFN unconditionally—or whether Congress will insist that the President take into account basic requirements of human rights, trade and our national security.

Mr. President, the conference report is divided into two parts—MFN conditions regarding human rights, unfair trade practices, arms sales—and a separate provision on convict-made goods in other words, slave labor.

With regard to human rights, before MFN can be extended in June, the conference report before us requires the Communist Chinese Government to pledge to cease its gross violations of internationally recognized human rights—not much to ask of a Permanent Member of the U.N. Security Council.

As for unfair trade practices, before MFN can again be extended, the Communist Chinese Government must demonstrate a good faith beginning to eradicate a system of trade abuses which has led to a $13 billion deficit with Communist China and unemployment among American workers, particularly in the textile industry.

As for arms sales, before MFN can again be extended, the Communist Chinese must begin to conform to international agreements on proliferation and are forbidden certain specific arms sales to Syria and Iran.

Section 5 of the conference report merits careful and special attention because it is not an MFN issue. It makes a permanent change in American law, thereby creating a system of escalating civil penalties against importers who know, or have reason to know, that the products they are importing are produced, in whole or in part, with and by slave labor. It is not limited to Communist Chinese products. The purpose is to put an end to this evil by making it unprofitable.

Mr. President, I am confident that most Senators were shocked, as was I, by the slave labor report on the CBS television's "Sixty Minutes" last September. Who can forget the sight of the judo chop going up and down as the Hong Kong manager explained to Harry Wu that prisoners are beaten if their output fails to meet quality standards?

I have described slave labor as a great evil—and it assuredly is. It is an offense against human beings who are forced to labor against their will for no pay. And it is an offense against American workers who must compete against it.

A prohibition against the import of slave labor goods has been American law for almost a century but it has not been enforced. Congress is obliged, in my view, to provide a new tool for the Customs Service to eliminate this practice and to implement section 5's escalating series of penalties, up to $1,000,000 for multiple offenses. That will mark a giant step toward eliminating slave labor.

Mr. President, the State Department yesterday issued a background paper stating that Communist China had made "modest progress" on human rights issues. Modest, indeed.

Mr. President, I have just received Associated Press and Reuters stories dated today, Peking time, saying that

the Communist Chinese courts have sentenced seven Chinese patriots to multiyear prison terms for promoting the cause of liberty on the Mainland of China. Most were young students, one was a newspaper editor.

The Reuters story stated that one student was not even given a chance to speak and was led out of the court 10 minutes after the verdict was read. That sounds like something out of "Alice and Wonderland"—verdict first, trial second, only there wasn't a real trial that we would recognize.

Mr. President, the Communist Chinese did not have to announce the verdicts today. They know we will be voting conditions on MFN and they wanted to send us a little message. And that message in the following: So long as the Communists are in charge, Chinese patriots risk a one-way trip to prison and the slave labor camps.

It is time, indeed past time, for us to send them a message.

I thank the Chair.

I yield the floor.

Mr. DOLE. Mr. President, I yield 3 minutes to the distinguished Senator from Kentucky [Mr. MCCONNELL].

The PRESIDING OFFICER. The Senator from Kentucky [Mr. MCCONNELL] is recognized for 3 minutes.

Mr. MCCONNELL. Mr. President, I rise today to strongly endorse an unconditional renewal of most-favored-nation trading status for the People's Republic of China.

To my colleagues who are considering supporting this conference report, let me say that I understand the desire to express outrage with Government officials in China. Beijing's behavior since June 4, 1989, has been outrageous and out of step with global events. While the rest of the world moves toward freedom and democracy, China continues to suppress human rights, ignore international efforts to control arms sales, pursue machiavellian trade policies, and generally represent the worst elements of the old world order.

I share the frustration and the desire to bring about change in China. However, Mr. President, this conference report is the wrong approach. Reform in China will occur in direct correlation with economic growth. And economic growth will occur in direct correlation with the willingness of industrialized countries to actively engage in commerce with China.

One need look no further than southern China to see the connection. Guangdong Province is a reformist stronghold over which Beijing has historically been unable to gain control. It is not coincidental that Guangdong shares a border and enjoys close commercial and social ties with Hong Kong, the world's bastion of capitalism.

Hong Kong's role in the economic and political reform of southern China is undeniable. Hong Kong not only provides jobs and capital to the region, it exports western ideals. The colony is currently implementing a system of direct elections and, by 1997, when Hong Kong reverts to Chinese sovereignty, it will be the only place in China with any democracy.

I do not deny, Mr. President, that voting for this conference report will make us all feel good. However, in the likely event that this bill results in the withdrawal of China's MFN status, it will also punish all the people of China for the actions of a few octogenarians in Beijing. It will further isolate China and limit our influence there. We will snuff out the hopeful flame of free market growth in southern and coastal China. It will damage the booming economies—and struggling democracies—in Hong Kong and Taiwan. In short, it will hand the hardliners in Beijing exactly what they so desperately want: Control over the social and economic systems in these progressive regions.

Mr. President, we all abhor China's behavior and we all want to see political change in that Nation. The best way to show our dissatisfaction is to support what the leaders of Beijing fear most: Capitalism and economic growth.

The Senate Foreign Relations Committee will soon consider legislation I have introduced which, if passed, will put the United States firmly on record as supporting continued economic growth in the region. The United States-Hong Kong Policy Act lays out for the first time a United States policy toward Hong Kong. It strongly supports the economic, social, and political autonomy China promised Hong Kong after 1997 in the joint declaration. It will broaden and deepen United States bilateral relations with Hong Kong prior to the 1997 reversion and ease concerns in the region with China's post-1997 treatment of Hong Kong. In short, it will enhance economic stability in the region.

I urge my colleagues who have the true interests of the Chinese people in mind to take a close look at the United States-Hong Kong Policy Act of 1997. I believe they will find it a sound approach to furthering the internal change we all want to see in China.

Mr. President, the issue is really not complicated. The question is how do we best encourage the right kind of reform in the People's Republic of China?

Some of the right things are happening, certainly in Hong Kong, certainly in Guangdong capitalism is raging. Terminating MFN would simply hurt those inside the People's Republic of China and in Hong Kong who are currently engaging in capitalism.

Mr. President, I am not particularly comfortable being put in a position to appear in any way to condone the actions of the Chinese leadership and that is not what this debate today is about. None of us condone that.

I might say to those on this side of the aisle who are a little squeamish about supporting the President on this issue, there is another way to send China a message.

I introduced recently the Hong Kong Policy Act of 1997. It has 16 cosponsors including the chairman of the Foreign Relations Committee, Senator PELL, Democrats and Republicans, Senator SIMON and others. What it says, Mr. President, is that the United States takes the joint declaration between the United Kingdom and the People's Republic of China signed in 1984 to mean what it says, and in the JD, the joint declaration, it was clear that Hong Kong was to have its own external relations with the rest of the world in a number of different categories.

So I would suggest to my colleagues who are here today that a way to send a message to China, if that is in fact what we would like to do, is to support the Hong Kong Policy Act. I think it will be reported from the Foreign Relations Committee soon. It is a way of saying to the people of Hong Kong we take the joint resolution to mean what it said, and that we will support Hong Kong, have our own separate policy with Hong Kong, which is allowed under the joint declaration between the People's Republic of China and the United Kingdom signed in 1984.

So I would encourage Members of the Senate to take a look at the Hong Kong Policy Act, consponsed by Senator SIMON of Illinois as my principal cosponsor, and consider that as a way of taking the appropriate kind of action in this particular environment.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, how much time is remaining on this side?

The PRESIDING OFFICER. The Senate Republican leader has 10 minutes 35 seconds remaining.

Mr. DOLE. Mr. President, I am pleased that the Senate is nearing a vote on this important issue. Since the distinguished majority leader first announced his intention to move the conference report expeditiously, we have been urging him on a daily base to do so and I think the time has come—the vote will come at 4:45.

Certainly the Senate has a central role to play in the process of evaluating a nation's eligibility for MFN. I was struck by the statement of the Senator from Rhode Island—one we seem to forget around here—who does presently have MFN status? What does it mean to the average person? And he noted the countries that do not have it.

I assume at least two of those, maybe Albania and Romania, will have it soon. So it is time that we met our responsibility and voted our convictions on MFN for China.

I have known that during the delay here, there has been probably a change

of some votes but I think in the final analysis, President Bush's policy will be sustained when the veto of the conference report comes back. I think maybe we have been waiting for some new crackdown on human rights or some Chinese cheating on trade or some new arms trend first that might endanger American security interests and that would give some a chance to blame George Bush and ask us to repudiate his policies, which I think are principled and constructive.

I do not know whether we want to isolate 1.1 billion people or not, slam the door and say, "We are not going to talk to you; we are not going to try to influence your policy; we are just going to close the door." That is a shortsighted view in the view of this Senator. Had we taken that view with the Soviet Union, when we had our difficulty with the Soviet Union on human rights and trade and proliferation, I am not certain where we would be today.

Maybe time will tell where we will end up with the People's Republic of China. But those who have been waiting have been waiting in vain. I think it has been in vain because nothing has happened. I think the President's position will be sustained and I think the policies in China are working.

So I would just say in the time I have let us keep our eye on the ball.

What are our goals in China? I think they are pretty clear.

No. 1 is to advance the cause of human rights.

No. 2 is to encourage more responsible Chinese arms proliferation policies.

No. 3 is to force the Chinese to abandon unfair trade practices and expand mutually beneficial economic relations.

And I think, finally, it is to make certain that China continues on the course of responsible and cooperative policies on international issues.

There is not much dispute about these goals. Everybody will say these are the goals. They pretty much represent a laundry list for each of us.

There should not be much dispute about the test we are going to apply to our policies.

Do our policies advance the goals I have just cited, the four goals I have just pointed out? That is the test—not do they reelect or defeat George Bush or do they make good fodder for the political stump?

Do they work? That is the first test. And George Bush's policies are working.

Would other policies work better? That is the second test. History, logic, and empirical evidence suggest strongly that the Bush policies are working a lot better than the policies of isolation and this so-called feel good policy that some seem to have, the feel good retribution urged by some.

Let us look at the goal on a one-on-one analysis.

Human rights. We are a long way from where we want to be, no doubt about it; a long way from where the Chinese should be, no doubt about it. But we have seen some modest progress, and we still do have the kind of relationship that gives us, the United States Government, the opportunity at every level to press the Chinese on these issues.

We presented the Chinese a list of political detainees and demanded a name-by-name report on their status, and the Chinese have complied. We urge release of all detainees and specified some particularly egregious cases, and some have been released. The Chinese have assured us that they will issue exist visas without regard to political criteria. As a result, some noted dissidents have been permitted to leave—though the Chinese are still far short of fulfilling this promise.

We have been properly outraged by evidence of the use, an abuse, of prison labor—and at long last the Chinese have published regulations banning the export of the products of prison labor. We are now negotiating a memorandum of understanding to permit American investigations of prison labor allegations.

We have strongly criticized Chinese repression in Tibet—and we are now seeing a lessening of tensions there.

And where, by contrast, would we be if last year we had cut off MFN? Does anyone here really want to make the case that more political prisoners would be free, that we would be closer to solving the prison labor problem, or that we would be further along on any of these issues if we had not had MFN? Nobody is going to make that case. We cannot make that case.

Mr. President, there is absolutely no evidence—none—none in history, none in contemporary analysis—that suggests we would be better off on human rights without MFN.

No. 2, proliferation. What of Chinese arms proliferation policies? I am not going to try to kid anyone—those policies have been pretty bad. Many of us were just in a closed session where we had a full debate of those policies. Others have had the same information in other ways.

But when we are confronted with bad policies, in an area as crucial as this, what should we do? Lambast the Chinese, and tell them we want nothing more to do with them? That is the approach of some.

Or, do we do what President Bush and this administration have done? Do we aggressively engage the Chinese on these issues? Do we demand an accounting for the intelligence we have? And do we use every means at our disposal to get the Chinese to bring their policies in line with responsible standards?

Are the Bush policies on proliferation working? The test is not: Are the Chinese 100 percent clean. That is not a fair or realistic test. Germany is not 100 percent clean. France is not 100 percent clean. None of the European allies are 100 percent clean.

And the United States of America is not 100 percent clean. That is why we have to spend money and personnel and time monitoring the export of our own countries.

The fair test is: Are the Bush policies producing results? Is China on the right track—if not yet near the finish line?

This weekend, the Chinese have announced their accession to the so-called MTCR. I ask unanimous consent to include in the RECORD the text of both our Government's statement and the Chinese statement on this development.

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

CHINA: LIFTING OF MISSILE SANCTIONS

The U.S. Administration intends to lift specific sanctions imposed on China last June because of transactions by two Chinese companies involving missile technology covered by the Missile Technology Control Regime (MTCR) Guidelines. As a result, we expect China to announced its adherence to the guidelines and parameters of the MTCR.

Our action comes following receipt of a letter on February 1 from PRC Foreign Minister Qian Qichen in response to a letter from Secretary Baker. This letter confirmed that China will abide by the MTCR Guidelines and parameters, as agreed in Beijing last November during the Secretary's trip.

China's written commitment to abide by the MTCR Guidelines and parameters is an important step forward in securing Chinese support for ballistic missile nonproliferation. The MTCR Guidelines are the key multinational effort to limit ballistic missile proliferation.

This in no way means we will slacken our efforts to monitor either missile transfers worldwide, or Chinese missile and missile technology export practices. Transfers of missile technology covered by MTCR Guidelines will continue to be subject to sanction in accordance with U.S. law.

THE EMBASSY OF THE
PEOPLE'S REPUBLIC OF CHINA,
Washington, DC, February 22, 1992.

REMARKS BY FOREIGN MINISTRY SPOKESMAN ON THE ANNOUNCEMENT BY U.S. GOVERNMENT OF ITS INTENTION TO LIFT THE 3 SANCTIONS AGAINST CHINA

We have taken note of the announcement by the U.S. government on 21 February of its intention to lift the 3 sanctions against China in effect since last June.

China has always pursued a prudent and responsible policy towards its arms transfer and observed the following three principles: first, these transfers should contribute to the capabilities of the countries concerned for legitimate self-defense, second, they must not undermine peace, security and stability of the regions involved and, third, arms trade should not be used as an instrument of interfere in the internal affairs of other countries. Upon the effective lifting of the above three sanctions by the U.S. gov-

ernment, China will act in accordance with the existing Missile Technology Control Regime guidelines and parameters in its export of missile and missile technology.

We hope to see that all the points of agreement and understanding reached by the foreign ministers of the two countries on 17 November last year will be implemented in their entirely as soon as possible so as to help the improvement and development of Sino-U.S. relations.

Mr. DOLE. Mr. President, this is something we have been after for months and months—and is one of the most important steps forward on the road toward achieving responsible Chinese policies. It does not mean we have achieved our goals. It does mean we have agreed with the Chinese on the criteria to evaluate their policies, and have a big new stick to pressure them to live up to their own word.

The other day, Deputy Secretary Eagleburger likened this development to Soviet accession to the Helsinki accords. At the time, some saw Helsinki as a meaningless gesture in semantics, and Soviet accession as merely another case of Soviet bad faith. In fact, though, Soviet agreement to Helsinki set in train a process which, over time, helped force the Soviets to confront their abuses, and gradually improve their record.

That is what we have in MTCR. Not a panacea—but the engagement of China in a process in which we can aggressively pursue our clear goals; and in which the Chinese have just forfeited a lot of the "wiggle room" they have used so effectively over the years to continue to sell arms they should not sell, to buyers they should not deal with.

And again, Mr. President: What is the alternative? If we had deep six'ed MFN last year, would the Chinese have agreed to MTCR this week? You be the judge. Obviously it would not have.

No. 3, trade and economic issues. It is in the trade and economic area where the record is most clear and compelling. President Bush has promised this Congress and the American people that he would pursue our trade grievances very aggressively—and he has delivered on that promise.

Most notably, after citing China for apparent intellectual property rights violations last year, we reached agreement with the PRC in January to substantially strengthen their protection of such rights. And, as the Senate knows, we are also actively and aggressively pursuing negotiations with Beijing following the announcement last October of a section 301 investigation of Chinese trade barriers.

But this question of economic relations goes far beyond trade, and it boils down to this fundamental question: If we deny MFN to China, who are we really hurting—the Chinese Government? The Chinese people? The forces of modernization and reform in China? The people of Hong Kong? The people of the United States of America?

There is no doubt that, after a period of backsliding, the Chinese are again on the road to economic reform. I would commend to the attention of all Senators an excellent article, making that very point, from the Wall Street Journal. I ask unanimous consent to include in the RECORD the text of that article.

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

CHINA IS SOFTENING ITS ECONOMIC LINE

(By Nicholas D. Kristof)

BEIJING, February 23.—In a strong sign of shifting political winds in China, the official press is abruptly attacking the hard-line attitudes it espoused for the last two years and has started instead to call on the nation to emphasize economic growth and even adopt useful elements of capitalism.

The pirouette was reflected in a front-page essay in today's editions of People's Daily, which in the past carried mostly dour warnings against Western subversion. Today's article, headlined "Opening up to the world and using capitalism," was the boldest in a monthlong flurry of signals that change-minded leaders may be gaining the upper hand over ideologues.

DENG'S INFLUENCE CITED

"All of modern Chinese history has demonstrated that China can travel only the socialist road, not the capitalist road," the article began. "At the same time, recent world history shows us that economically backward nations—especially those with long histories of feudalism—must correctly use capitalism, rather than rejecting it out of hand. Only by critically absorbing those elements of Western culture that are useful to us, rather than disdaining them, can we prosper and flourish."

The wave of recent editorials apparently reflects a push by Deng Xiaoping, the 87-year-old paramount leader, for China has devoted more energy to becoming prosperous and less to remaining ideologically pure. The Politburo is believed to have confirmed this moderate line, and the new articles are a signal that the hard-liners are losing control even over the newspapers that they have dominated for more than two years.

Still, political fashions in China often change quickly, and it is unclear whether the recent articles reflect a major and irreversible trend to speed up economic liberalization. Even if economic growth is back at the top of the agenda, there is no hint that the regime will release political prisoners or tolerate challenges from Tibetan separatists or underground Catholic priests or disgruntled university students.

Calls for ideological vigilance and tributes to model Communists generally filled the front pages in the two and a half years after the June 1989 crackdown on the Tiananmen democracy movement. The crackdown, in which the army killed hundreds of protesters and wounded thousands more, was accompanied by the rise of hard-line leaders who installed their lieutenants as editors of the major newspapers.

The People's Daily article appears days before the United States Senate's vote, scheduled for Tuesday, on renewing most-favored-nation trade status for China. The Administration is urging the Senate to renew the favorable tariff treatment, continuing President Bush's policy of trying to change China's behavior on human rights, arms sales to the third world and other issues by contract rather by confrontation and punishment.

NO SHIFT ON RIGHTS SEEN

While there is no evidence of any major change by China on human rights, on economic topics there is no doubt that a switch has taken place. The People's Daily article published today called for tolerating a measure of capitalism in the Chinese economy, and gave a ringing endorsement of stock markets and other practices associated with the West.

On Saturday, People's Daily carried a front-page editorial calling on the nation to focus more attention on economic development—and, by implication, give less attention to the Marxist ideology that the same newspaper has emphasized since the rise of the hardliners in June 1989.

Also on Saturday, the official Guangming Daily filled most of the top two-thirds of the front page with a call to "liberate our thinking, deepen reform, open the door more widely." It was a dizzying change in emphasis for a newspaper that just last month carried a front-page appeal for universities to select students more of loyalty to Communism.

Mr. Deng began the new drive for reform with a trip last month to the southern Chinese special economic zone of Shenzhen. Mr. Deng called for more rapid change and went out of his way to praise Shenzhen, which is a symbol of economic experimentation and has shown spectacular increases in prosperity but also in prostitution and drug abuse.

The tide shifted apparently in part because Mr. Deng and other leaders determined that the best way for China to avoid the fate of the Soviet union is to make people richer, and in part because other octogenarians who take a harder line are too feeble to fight back.

Today's article in People's Daily carried the byline Fang Sheng, which is almost certainly a pen name of an individual or a group of people in the central leadership. The fact that it was published on a Sunday—when almost no one reads the newspaper, which is delivered to offices and factories rather than homes—suggests that a Politburo member may have ordered the top editors to publish it but that they did their best to insure that as few readers as possible would notice it.

"Using capitalism includes developing an appropriate capitalist economy within our country, as a useful supplement to the socialist economy," the article said. "As our country is in only the preliminary stage of socialism, it is impossible to wipe out capitalism completely, and some exploitation will linger for a long while. So the important thing is to improve our guidance of these phenomena, and direct them onto a course where policy allows them."

Many elements of today's long article had appeared previously in one place or another, but they had not been combined with such force or clarity. The tone throughout sounded like a rebuke to the hard-liners.

In particular, the article indicated that most Communists now acknowledge the need to use foreign capital and technology.

"On other matters, it seems that there are still some differences," the newspaper said, in a clear reference to hard-liners who are wary of capitalist influences. The article added that instead of fearing contacts with the West, China should expand exchanges "to enrich our culture."

"In the past we took the tortuous path of sealing ourselves off from the world and refusing to use capitalism," the essay declared, in a reference to the Maoist era. "Leftist errors and other factors were behind this, but they have nothing to do with socialism. On the contrary, in the principle socialism

means an open system and a reform-oriented economy."

A People's Daily editor said by telephone that the essay today was not an editorial or a commentary, but simply an "article." He said he did not know the identity of the author.

Wu Guoguang, a former People's Daily editorial writer now studying at Princeton University, said he could recall only one other case in the last 15 years in which the newspaper carried a front-page commentary with a byline that was a pen-name. The other one was arranged by Mr. Deng's family and published last year, and Mr. Wu said an essay like today's would have to have the approval of a top leader.

A Western diplomat suggested that the growing number of reform-minded editorials reflect the new line following a Politburo meeting that is believed to have been held about a week ago.

"But at the same time," the diplomat added, "it's only words."

Mr. DOLE. So China is on the right track. It is clearly in our interest to keep China on that track.

Will denying MFN help do that? The answer, to me at least, is clear. Engaging in mutually beneficial trade relations bolsters the forces of modernization and free market reform in China. Denying MFN will cut those forces off at the knees.

I would certainly add that it also helps many people in this country. I would certainly include the people of Hong Kong. I would include the farmers of America, and the businessmen of America.

And I would certainly include among those who would be most hurt the entrepreneurs and workers of the most open, progressive part of China—southern China—where United States economic activity, investment, and trade, is concentrated.

I would include the people of Hong Kong, which all of us hope will be a strong, free market enclave within China following its incorporation in 1997. Hong Kong is already reeling from the prospects of integration. And Hong Kong—which relies very, very heavily on Western trade with China, much of which is routed through Hong Kong—would sustain a possibly fatal blow if we turned our backs on China economically.

But there is somebody far more important to me—and to all of us—who would be hurt if we end MFN for China: The American people.

It is very ironic that, in this partisan time, when so many are attacking George Bush for his alleged preoccupation with foreign policy and his alleged failure to concentrate on America's economic problems—it is ironic that at this very moment there is this "drumbeat" for the Senate to turn its back on America's exporters, farmers, businessmen, workers, and consumers—to turn its back on all of them, so that we can make some essentially meaningless, feel-good gesture of retribution against China.

We are currently exporting $6 billion in goods and services to China annually. One group estimates that represents about 100,000 jobs.

Do you know how much we would export next year, if we terminate MFN? How about zero, or near zero.

Do you know how many will be out of work? How about—100,000—or a good chunk of that, if that estimate is correct.

Mr. President, I ask unanimous consent to include in the RECORD the executive summary of a report prepared by a very reputable organization called the "International Business and Economic Research Corp." It ought to be must reading for every Senator—and for every constituent of every Senator who votes for this conference report.

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

[From the International Business and Economic Research Corp.]

THE COSTS TO THE UNITED STATES ECONOMY THAT WOULD RESULT FROM REMOVAL OF CHINA'S MOST-FAVORED-NATION TRADE STATUS

EXECUTIVE SUMMARY

Removal of China's most favored nation status would cause great harm to U.S. consumers, businesses and workers. U.S. consumers would pay as much as $10 billion annually as a result of higher prices on a wide range of goods in the U.S. market. In addition, as a result of the likely Chinese retaliation against U.S. exports, 100,000 jobs in U.S. firms exporting to China would be at risk, as would U.S. exports of nearly $5 billion and U.S. investments in China estimated at approximately $4 billion.

I. REMOVAL OF CHINA'S MFN STATUS WOULD COST UNITED STATES CONSUMERS AS MUCH AS $10 BILLION

If China lost MFN status, the duty paid cost of most Chinese goods in the U.S. would increase in the range of 10.0 to 70.0 percent, with most of the increases exceeding 20.0 percent. Should this occur, imports of nearly all items from China would be reduced or entirely eliminated and U.S. consumers would then have to pay as much as $10 billion for the remaining imports from China which would be assessed extremely high non-MFN tariffs as well as higher prices from other suppliers whose products would replace Chinese imports.

As specific examples of cost increases, the duty-paid price of silk blend and other vegetable fiber sweaters from China would increase from $117.12 to $176.78 per dozen and tariffs on toys would increase from 6.8 to 70.0 percent.

A specialized economic model was used to analyze how trade would be affected and the subsequent costs to consumers should China lose MFN. The model, known as CADIC, was developed by the U.S. International Trade Commission and is used to analyze the effect of changes in price on trade in particular products. In this case, the model was used to calculate the shift in demand away from China to other sources resulting from the increased price of imports from China. Data on those products, which constitute the largest share of the value of U.S. imports from China, was provided as input to the model. Output from the model was extrapolated to include all U.S. imports from China and cost increases as products move through the U.S. distribution system. Based on these calculations, consumer costs would increase between $6.9 and 9.9 billion due to the combination of a shift to higher priced sources of supply and higher prices for the remaining imports from China. It is important to note that the calculated consumer costs would have even been higher if we had not factored in the assumption that 25 percent of the cost increases would be absorbed by the exporter and/or importer and not passed along to the consumer.

To relate this cost directly to the U.S. economy, $10 billion equates to an average of $109 per year on each of the 92 million U.S. households. From another perspective, $10 billion equals the total 1990 budget of states such as Connecticut and Minnesota and exceeds the combined total spent by Idaho, Montana, Utah and Wyoming in 1990.

II. 100,000 UNITED STATES JOBS ARE AT RISK SHOULD CHINA LOSE MFN STATUS

Should China lose MFN and retaliate by restricting imports from the United States, approximately 100,000 U.S. jobs would be at risk. This figure is based on U.S. exports to China of $5 billion coupled with a U.S. Department of Commerce preliminary estimate that an average of 19,100 U.S. jobs are created for each billion dollars of exports.

The Commerce Department employment estimate included direct employment in the export industry as well as all of the upstream and downstream production and services necessary for the production and export of finished products. On average, for each job directly generated by exports, two more are indirectly created.

It is difficult to predict how many of the estimated 100,000 U.S. jobs created by exports to China would be lost. In all likelihood, job loss would vary in terms of time frame and product. However, the Chinese have given clear evidence that they will retaliate against U.S. exports. For example, China's grain purchases from the United States fell from 5 million tons in 1973/1974 to nothing in 1976 and 1977 reflecting China's dissatisfaction with the slow pace of American moves to normalize political relations with China.

Export losses can even be expected on commercial aircraft despite the assumption that continuity in terms of aircraft types, training, spare parts, etc. would favor ongoing purchases of U.S. airplanes.

Thus, with China's clear readiness to retaliate against U.S. exports, combined with the availability of competitive substitutes from other countries, it is safe to say that a high proportion of the 100,000 U.S. jobs associated with exports to China would be lost.

III. U.S. EXPORTS TO CHINA WOULD DROP SHOULD CHINA LOSE MFN STATUS

China's leaders have stated clearly that there would be retaliation against U.S. exports should China lose MFN status, and U.S. exports amounting to approximately $5 billion would be vulnerable. While U.S. exports to China declined in 1990, they have increased by 18.1 percent during the first six months of 1991 compared to the same period in the prior year, and it is expected that China's rapidly growing needs for raw materials and technology will offer significant export development opportunities in both the long and short term.

Looking at the list of major exports to China, it is apparent that several sectors of the U.S. economy could be hurt should exports to China be curtailed. In particular, the U.S. aircraft industry's share of China's aircraft market, estimated at $10–15 billion over the next 10 years, could be seriously compromised should China lose MFN status.

Major U.S. Exports to China, 1990—in million dollars

Commodity:	Value
Aircraft and parts	$749
Fertilizer	544
Wheat	497
Chemicals	345
Cotton	277
Wood in the rough	171
Parts for machinery	114
Automatic data processing machines	113
Machines having individual functions	97
Artificial filament tow	88
Turbojets, turbopropellers and other gas turbines	88
Uncoated kraft paper and paperboard	73
Copper ores and concentrates	50
Electric generating sets and rotary converters	44
Oscilloscopes, spectrum analyzers, and so forth	42
Total, this list	3,292
Total U.S. exports to China	4,775

Should the United States' exports to China be curtailed, U.S. products and services will be replaced by those of competing countries. As a result, the United States' competitive position throughout Asia will be weakened as the scale of operations of other countries in that region will increase.

IV. POTENTIAL LOSS TO U.S. INVESTORS SHOULD CHINA LOSE MFN STATUS

It is estimated that direct investment by U.S. firms in China amounts to approximately $4 billion, representing 1,000 or more individual projects. Revoking China's MFN status would jeopardize the invested capital as well as the future earning potential of these investments.

Withdrawal of MFN would also intensify the existing difficulties faced by U.S. firms' joint ventures in China. Following removal of MFN, China might impede or completely frustrate operations of these firms by restricting access to imported inputs and by increasing existing bureaucratic controls over these operations. In addition, U.S. firms which produce in China for the U.S. market would be unable to export products to the U.S. due to the assessment of extraordinarily high non-MFN tariffs.

Although U.S. investments benefit China, there can be little doubt that they could become targets of Chinese retaliation should MFN status be removed. China's ambassador to the United States, speaking of U.S. investment in China, threatened, "Put any conditions on extending most favored nation treatment for China and that economic progress may well end."

Meanwhile, Hong Kong, Japan, Taiwan and Western Europe are markedly expanding their presence in China through direct investment and provision of credit. Removal of MFN by the United States could undo 10 years of development by U.S. firms in China and severely restrict the ability of many U.S. firms to compete in a global marketplace by leaving the China market open to America's aggressive, international competitors.

V. CHINA'S CURRENT TRADE STATUS IS NOT "MOST FAVORED" AS IT IS THE SAME ACCORDED TO ALL BUT A HANDFUL OF COUNTRIES

The United States has two sets of tariff rates. The lower of the two is correctly termed "General" but is also referred to as most-favored-nation or "MFN."]

from over 200 countries and territories are assessed at the General or MFN duty rates. In contrast, only eight countries are not now accorded General tariff status and are not under consideration to receive General tariff status in the near future. Imports from these eight countries[1] face "Column 2" tariff rates which mainly range from two to ten times higher than General rates.

To illustrate the huge difference between General and Column 2 tariffs, 1990 imports from China of $15.12 billion were assessed General tariffs of $1.23 billion, an average duty rate of 8.13 percent. If the same imports were assessed Column 2 rates, $6.73 billion in tariffs would have been assessed, an average duty of 44.5 percent.

While China is accorded the same General tariff rates as nearly all other countries, it is disadvantaged compared to most developing countries which are able to export a wide range of products to the United States duty-free under the Generalized System of Preferences (GSP) or the Caribbean Basin Economic Recovery Act (CBI). China is ineligible for these programs which provide significant cost advantages to China's competitors on a wide range of products.

Mr. DOLE. Mr. President, our voters have to understand what this vote is really all about—on the Main Streets, and in the factories, and on the farms of America. It is about dollars and cents; about jobs.

It is about getting out of this recession, or remaining mired in it.

We have heard the speeches about how important it is to send this high moral message, by denying MFN. And I can already hear the speeches from these same Senators 6 months, or a year from now—if they have their way. The speeches then will be: Why do we still have so many unemployed? Why have consumer prices gone up? Why have exports gone down?

Their answer will be: George Bush. But the real answer, the truth, will be because they have opted for a policy of cutting off our nose to spite our face; they have carefully aimed their bullet of retribution, not at China, but at our own feet.

Mr. President, I ask to include in the RECORD the texts of several letters chosen at random from many I have received, documenting the impact of a cutoff of MFN for China on a number of American industries and companies.

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

CONAGRA, INC.,
Washington, DC., February 21, 1992.

Hon. ROBERT DOLE,
U.S. Senate,
Washington, DC.

DEAR SENATOR: I am writing to urge you to again support the extension of the China Most Favored Nation (MFN) Status. Your vote last July was very helpful. I hope you will again oppose efforts to attach conditions to this extension by voting against the conference report on H.R. 2212.

We, as you, are concerned about violations of human rights, as well as other issues in China. Surely, however, we have learned from developments in Russia and Eastern Europe that isolating countries does not create change. Closer economic and social ties may create change.

China represents a very important market for U.S. agricultural products. This market would surely be lost if our country was to take the unilateral action of denying MFN treatment to China.

I hope you will again weigh the benefits to agriculture from Chinese trade and retain current MFN treatment for China. Thank you.

Best Wishes,

PAUL A. KORODY.

NATIONAL ASSOCIATION OF WHEAT GROWERS,
Washington, DC, November 26, 1991.

Hon. BOB DOLE,
U.S. Senate,
Washington, DC.

DEAR SENATOR DOLE: China is the largest wheat market in the world. It is also the number one customer for U.S. wheat. In fact, the United States has been an active exporter of wheat to the People's Republic of China since relations were normalized in the 1970's. The value of annual wheat export sales to China have ranged between $500 million and $1.2 billion in recent years. Barring any disruption to current trade flows and buying patterns, we firmly believe that China will remain one of our top customers through the end of the century.

Therefore, we strongly oppose the imposition of additional conditions on China's future most-favored nation trading status. We believe that the mere imposition of conditions will result in the complete revocation of China's trade status with the U.S. and China's retaliation against imports of U.S. products, including wheat.

In terms of the statutory criteria of the Jackson-Vanik amendment to the 1974 Trade Act, China is eligible for continued MFN based on the emigration standard. In FY1990, 16,751 mainland Chinese received U.S. immigration visas. U.S. immigration limits, not Chinese travel restrictions, prevented the emigration of even larger numbers of Chinese citizens.

MFN treatment among countries has been a basic element of international trade for centuries. Its underlying principle is that each country may extend to another treatment in trade that is no less favorable than that accorded to a "most-favored" nation. It is not a privilege reserved for countries in the good graces of the United States. It is inappropriate for the United States to use MFN to address our problems with China's piracy of international intellectual property; its proliferation of advanced missiles and nuclear technology to unstable governments; its barriers to market access; and its growing trade surplus. We do not use MFN as a lever with other countries. Instead, these matters can be resolved through the specific tailored implementations of existing human rights, trade, and arms proliferation legislation—without unduly endangering vital U.S. interests.

The Administration has already taken steps to pressure China into modifying its behavior. Some examples include: the United States' continuation of the Tiananmen sanctions until the Chinese improve their human rights situation, the Customs Service crackdowns on shipments of goods alleged to be produced with prison labor, and the initiation of a Section 301 investigation into Chinese barriers to market access.

The National Association of Wheat Growers supports these measures and encourages

[1] Afghanistan, Albania, Cambodia, Cuba, Laos, North Korea, Romania and Vietnam.

the President to use whatever existing authority he deems necessary to promote U.S. democratic ideals in the People's Republic of China. The experience of history demonstrates that our only means to positively influence Chinese is through dialogue. Moreover, our personal experience with the Soviet grain embargo underscores the futility of unilateral trade sanctions. We have never fully regained our status as a reliable supplier to the USSR, the world's second largest wheat importing country.

In your role as conferee, we respectfully urge you to consider carefully what America's wheat farmers have at stake in the unconditional extension of MFN to China. China is our best market. It is certainly one that we cannot afford to lose.

Sincerely,

RON RIVINIUS,
President.

WHEAT EXPORTS BY VALUE BY STATE

[In millions of dollars]

	Fiscal year—		
	1988	1989	1990
Alabama	8.00	28.30	13.00
Arizona	21.60	21.90	15.40
Arkansas	52.40	186.90	103.60
California	118.40	149.10	131.90
Colorado	259.30	259.00	167.20
Georgia	21.70	70.90	44.00
Idaho	226.90	357.30	276.40
Illinois	86.70	222.30	207.80
Indiana	53.00	115.40	101.90
Iowa	2.70	3.90	8.30
Kansas	905.40	1,024.60	590.30
Kentucky	25.20	67.60	45.20
Louisiana	8.20	36.50	221.50
Michigan	50.40	125.00	105.00
Minnesota	179.50	252.30	153.80
Mississippi	19.20	68.20	30.00
Missouri	57.70	250.20	172.00
Montana	341.80	221.30	278.00
Nebraska	231.00	228.40	153.40
North Carolina	27.50	79.10	42.00
North Dakota	539.50	435.80	316.60
Ohio	75.10	151.60	123.10
Oklahoma	348.90	548.10	426.50
Oregon	153.40	270.50	183.00
South Dakota	239.60	148.10	165.10
Texas	264.30	284.90	163.40
Virginia	14.70	34.30	24.80
Washington	322.30	621.40	354.40
Wyoming	20.80	15.60	12.50
United States	4,675.10	6,278.40	4,430.30

MAST INDUSTRIES, INC.,
Andover, MA, February 3, 1992.

Hon. BOB DOLE,
Hart Senate Office Building,
Washington, DC.

DEAR SENATOR DOLE: I am writing to urge you to vote "no" on the conference report on H.R. 2212, "The United States-China Act."

H.R. 2212 would attach onerous conditions to the President's 1992 determination to extend most-favored nation status (MFN) to the People's Republic of China for an additional year. China is an important supplier of apparel products to Mast Industries, a subsidiary of The Limited, Inc. The Limited operates 4,022 speciality stores and employs over 75,000 associates nationwide. If H.R. 2212 were enacted, it would be impossible to replace apparel supplied by China, especially given the brief time remaining before the June MFN determination. Without MFN, American consumers would face higher prices for basic necessities, and retail jobs would be lost.

China is also a growing market for U.S. exports. H.R. 2212 jeopardizes billions of dollars worth of U.S. exports to China, and the tens of thousands of jobs which depend on that trade. Since no other nation is considering terminating China's MFN, H.R. 2212 would allow America's economic competitors to profit at the expense of American businesses and workers.

The recent successful negotiations between the United States and China on intellectual property rights demonstrate that it is possible to resolve disputes with China through constructive engagement. However, H.R. 2212 would remove U.S. leverage to influence China's trade, human rights and international arms sales practices.

H.R. 2212 would result in a loss of U.S. jobs and would reduce U.S. influence over China. Therefore, I respectfully request you to vote "no" on H.R. 2212.

Sincerely,

MARTIN TRUST.

WILSONS,
THE LEATHER EXPERTS.
February 5, 1992.

Hon. BOB DOLE,
U.S. Senate, Hart Senate Office Building,
Washington, DC.

DEAR SENATOR DOLE: On behalf of Wilsons, a major importer and retailer of leather apparel, I am writing to express this company's strong opposition to H.R. 2212, which would impose additional conditions on the 1992 renewal of China's most-favored-nation (MFN) trading status. I urge you to vote against this bill, as reported by the Conference Committee, when it comes up for consideration on the Senate floor.

Imposing conditions on renewal of China's MFN status is tantamount to revocation of the U.S.-China trade relationship. Revocation of MFN status would not promote progress by the Chinese in any of the areas of concern to the Congress, including trade, human rights and nuclear non-proliferation. Instead, it would preclude further dialogue with the Chinese Government and seriously hurt U.S. businesses and U.S. consumers, who have benefitted greatly from the development of trade ties over the past decade.

Wilsons, which has 550 stores in Middle-America malls throughout the U.S. and employs more than 8,000 people, would be especially impacted if Chinese products become subject to non-MFN duty rates. Our customers come from low to middle-income households, the mainstay of the American population. They are extremely price conscious. To meet their demands for affordable quality merchandise, almost half of our leather apparel is now sourced in China. The tariff on these products would rise form 6 percent to 35 percent if China's MFN status were revoked, making our goods too expensive to be marketable, particularly in today's tough retail environment. Wilsons would have to substantially cutback inventories and jobs. Even more jobs would be lost among the suppliers and service industries with whom Wilsons deals, from the farmers who are the source for the leather used to produce the Chinese-made garments to the shipping lines and truckers on whom we depend for deliveries to our stores.

Wilsons urges you to support maintenance of normal trade relations with the Chinese, which already this year has resulted in a significant agreement by the Chinese to provide protection to U.S. intellectual property rights and is providing the basis for further negotiations to open China's market. While more progress needs to be made in matters such as human rights and weapons non-proliferation, no progress is possible if trade relations are severed. Please vote against H.R. 2212.

Sincerely,

JOEL WALKER,
President.

INTERNATIONAL POLICIES

Mr. DOLE. Finally, Mr. President, there is the whole question of China's international policies. For years, the People's Republic of China was a renegade nation. More recently, in large part because of a successful policy of engagement by successive administrations—Democrat and Republican—China has been brought more and more into the community of responsible nations on international and regional issues.

The question for us is: Do we want China to stay there, to join with us on issues like the Persian Gulf war; to help out on increasingly dangerous issues like the situation on the Korean peninsula; to go further down the road toward responsible arms proliferation policies, or do we want to return to the shopworn, failed policies of isolation and retribution?

Does history suggest that we do better with China that we encourage more responsible and cooperative Chinese policies, across the board, by engaging in an active diplomacy and by aggressively pursuing mutually beneficial economic relations, or by picking up our marbles and going home?

That is the real question before us. It is the real standard by which we ought to make up our minds.

I have made up my mind. I think the President is right, and the proponents of this conference report are dead wrong.

I hope that the Senate will join me in affirming that we will continue down the course the President has set, so that even in this election year, we can set aside partisanship and posturing, and go about the business of advancing America's overall interest.

So it seems to me, Mr. President, for all the reasons I have stated that we ought to vote down the conference report.

It will pass, probably, by a substantial vote. The President will then veto the conference report. And when it comes back to the Senate we should sustain the President's veto. We will have another chance to visit this in July.

Mr. MITCHELL. Mr. President, I yield 1 minute to the Senator from Nebraska.

Mr. EXON. Mr. President, when this measure was last before the body, this Senator supported the President's position. A week ago, I read the chilling report from the CIA. I attended the closed briefing today in the Senate.

It seems to me that this is a time when we have to send some kind of a signal. Certainly, the President, if this measure becomes law as written, has a right to simply notify us that things are all right, and by that certification he can go ahead as he wishes.

I simply say that a year and a half ago had we been debating this on Iraq, we would have had the same arguments.

Mr. MITCHELL. Mr. President, today the U.S. Senate has an opportunity to correct our Nation's failed policy toward China.

The purpose of the legislation is to assure that Chinese promises on trade and weapons proliferation and Chinese practice with regard to human rights and elementary individual liberties are more effectively monitored by the United States than they have been.

Let me begin by saying that most of the arguments in opposition to the conference report have been against legislation that is not before the Senate.

This legislation does not cut off relations with China. It does not terminate our relationship. It does not isolate China. It continues most-favored-nation status with China, but simply says, taking the goals which the President himself has expressed for our relationship, they must move toward those goals; they must accomplish progress, or they will then lose most-favored-nation status. The choice is China's.

Since the massacre at Tiananmen Square in 1989, the Communist tyrants of China have thumbed their noses at the world. They gambled that the nations of the world will continue to do business as usual with China regardless of how they treat their own citizens; regardless of how China behaves in Southeast Asia; regardless of how many people they kill in Tibet; regardless of how they disregard weapons proliferations agreements; regardless of how they violate international trade law.

And, sad to say, Mr. President, the gamble by the Communist tyrants has paid off. Most of the nations of the free world today treat China as though its practices and policies had earned it an honorable place in the community of nations.

And sadly—tragically for Americans—no nation has done more to make China's behavior appear respectable than has the United States.

A month after the massacre, when the blood was still there on the stones of Tiananmen Square, the President sent a delegation of high United States officials on a secret visit to China.

In December 1989, another high level visit produced the spectacle of American officials toasting the leaders of China, the very men who had just before that ordered the massacre at Tiananmen Square.

No wonder the Chinese leaders were so confident in their calculation that the world would soon forget the sight of Chinese army tanks crushing unarmed Chinese civilians.

From that first furtive visit in the aftermath of the massacre to his meeting with the Chinese Premier this month, President Bush has pursued his policy with China on the grounds that it would change China's behavior. But it has not changed China's behavior. The policy has not worked for America. The policy has worked for China. It has shown the world that there is no price to be paid by the worst dictatorship for the most outrageous treatment of its own people.

That outcome discredits the American standard of human rights. It undercuts international efforts to pursue nonproliferation. This month, on the very day that he met with the Chinese Premier, the President's own State Department issued its annual human rights report. The President's own State Department reported that there are credible estimates that hundreds of thousands of people have been arbitrarily arrested in China. It is evidence that nothing has changed in China from the day of the Tiananmen massacre to this day, because the Communist leaders of China hold their power through a vast security apparatus which uses torture, arrest, detention, and brutality to remain in power.

The Chinese people face arbitrary arrest and detention at any time without any charge. Torture is common. The use of cattle prods, electrodes, solitary confinement, beatings, and shackles against male and female prisoners is confirmed by the President's own State Department.

The Chinese Government clings to power by silencing all opposition. Opponents are sent to prison camps, labor camps, and reeducation camps. Religious repression continues. Catholics, Protestants, and Buddhists are all subject to intimidation and arrest, because they practice their religion.

More than 160,000 persons, not sentenced by any court, are in reeducation labor camps. Some of the products of those camps are exported to the United States, in violation of U.S. laws against the importation of the products of forced labor.

Labor camp inmates forced to work the coal mines reportedly do so in conditions of danger that rival the old Soviet gulag. Some of these people are denied the right to return to their native villages or cities, condemning them to internal exile in the most remote parts of the country.

The Chinese cultural genocide against Tibet continues. Mr. President, there has not been much said about that. I would like to say something about Tibet. Since 1959, when China crushed a revolt in Tibet, there has been harsh repression against the Tibetan people. Six thousand Tibetan monasteries have been emptied of their monks and destroyed by the Chinese. The faith that is at the heart of Tibetan life is under constant attack.

We know only of 400 persons detained in the 1989 crackdown following Tiananmen. We know by name only a few who have died in custody—such as Lhakpa Tsering, who the authorities say had a ruptured appendix, and died in prison in December 1990. But we can say, with little doubt, that what we know is just the tip of the iceberg.

The Chinese occupation of Tibet has led to an estimated 1 million people killed. One million deaths have been estimated. And we are being asked here today to ignore the Chinese killing of these Tibetans, to look the other way. We Americans cannot morally look the other way. What the Chinese Government is doing in Tibet is cultural genocide. How can any American overlook that? That steady brutalization of a people and the eradication of its religious faith, a way of life that is 1,200 years old, continues to this very moment. The Department of State cites frequent credible reports from Tibetan refugees of torture and mistreatment in penal institutions in Tibet.

In every respect, the Communist Government of China imposes its will by force on a helpless people.

The ugly reality of Chinese human rights abuses deserves condemnation by this Senate, not encouragement by voting to continue business as usual.

Unfortunately, the policy of engagement has failed when measured against human rights goals. It has also failed to produce a mutually beneficial trading relationship.

The Chinese record on trade remains abysmal. Despite free access to American markets for Chinese products, American producers do not enjoy equal free access to American markets. We have racked up a $30 billion trade deficit with China, most of it since the massacre in Tiananmen Square.

Only under continued congressional pressure did the administration require the U.S. Customs Service to begin enforcing U.S. law against the products of forced labor. Not until October last year did the Chinese begin to take action to prevent such export attempts.

The President defends the trade relationship with China as being too important to jeopardize. But enforcing U.S. trade laws does not jeopardize trade relations. It is the attempt by the Chinese to subvert our laws that places the relationship at risk.

Our trade deficit with China today is our second largest after our trade with Japan.

The President freely denounces the trade deficit with Japan. Yet whatever trade practices Japan may employ, no one has ever claimed that it exports the products of forced labor. Japan is a democracy. China is not. Japan does not violate its citizens' human rights. China does. Yet the President has never expressed even mild concern about the trade deficit with China.

And it is a big deficit. In 1988 it was $3.5 billion. In 1989, it increased to $6.2 billion. In 1990, it soared to $10.5 billion. In 1991—a year of recession for the United States—the trade deficit with China was still growing, at $12.7 billion, and growing fast.

Indeed, during that year of recession, imports from China soared by 20 per-

cent, to a total of $19 billion. Under President Bush, China has become the eighth largest source of imported goods to the United States.

The makeup of China's export to us consists of labor intensive product: almost $3.5 billion in apparel; over $3 billion in toys and similar products; almost $1.5 billion in footwear, and over $1 billion in consumer electronics.

One study has estimated that if the products purchased from China were instead manufactured in the United States, 175,000 jobs directly could be created. Estimates that each billion dollars of trade deficit costs 20,000 jobs in total may mean that the $12 billion-plus trade imbalance with China may be costing American workers and communities as many as a quarter of a million jobs.

The trade relationship is important to us—but it is even more important to China. It is precisely in such relationships that our Government can have some leverage over the policy goals we wish to pursue.

President Bush showed little hesitation in using that kind of leverage with Japan. He should also use it with China.

His failure to do so is unfortunate given the behavior of China in the international community.

In the wake of the dissolution of the Soviet Union and the former Soviet empire in Eastern Europe, the most serious threats to world peace have become regional ones.

China today leads the movement in Asia to strengthen nonelected authoritarian governments while seeking economic growth to sustain them in power.

Chinese relations with Vietnam and North Korea have grown closer; China is a major arms supplier to the junta ruling Myanmar, formerly Burma, and Thailand, where a military coup dislodged an elected government a year ago. Chinese patronage of the murderous Khmer Rouge in the Cambodian peace negotiations preserved the influence of this group.

These are not the actions of a government interested in regional stability. They are the policies of a government determined to exert control over smaller neighbors and preserve totalitarian and tyrannical regimes as a means of solidifying its own power.

But it is the recent developments on weapons proliferation which are particularly troubling.

Press reports on Friday indicate that despite the verbal assurances made by China to Secretary of State Baker last November, China may have long-term contracts to sell as much as a billion dollars of missile and nuclear-related technology to Iran, Iraq, Libya, Syria, and Pakistan.

Yet on the very same day, the administration lifted export sanctions on the sale of United States high-speed computers and satellite parts which were imposed in June, when a secret sale of missile parts launchers to Pakistan was revealed.

Export sanctions were lifted, we were told, because China sent a letter pledging adherence to the missile proliferation regime to which it verbally agreed in November. The contents of that letter and the scope of that pledge are not public information. But the press report is not reassuring.

A United States Government official said the letter was "not as explicit as we would have liked" about the planned sale of M-9 and M-11 missiles to Syria and Pakistan.

"We got enough in the letter to make us believe, those sales are covered," is how the official described it.

The whole record of the administration's relations with China is one of United States beliefs about Chinese intentions which prove misplaced.

Yet once again, on the basis of a less-than-explicit promise from China, the administration has acted in a way that benefits China.

No other nation can expect United States action in return for a vague promise, particularly when its promises have been broken in the past. Repeated verbal commitments by China to adhere to international agreements to restrict the arms trade have been abandoned.

This year already, the New York Times reported that China is continuing to sell missile technology to Syria and Pakistan.

The news story reported that guidance units for M-11 missiles were sold to Pakistan, and 30 tons of chemicals to produce solid fuel for rockets were sold to Syria. It was reported that the Chinese have plans to deliver an additional 60 tons of chemicals to Syria this spring.

The widely dispersed ownership of medium-range missiles will enable regional despots to threaten their neighbors.

The administration has repeatedly claimed that its top priority in shaping the security outlook for the new world order will be to prevent the proliferation of nuclear, chemical, biological, and ballistic missile technologies.

That is an appropriate security goal and one that has the support of all Americans. But a goal cannot be reached by policies that have the opposite effect. Yet that has been the case with the administration's tolerance of Chinese arms and technology sales for the past several years.

CIA Director Gates told Congress in mid-January that Iran's rearmament is proceeding with the purchase from China of battlefield missiles, cruise missiles, and nuclear technology.

In January, the Director of the Defense Intelligence Agency said that China "is currently assisting many of the nations that we estimate will acquire a ballistic missile capability by the end of the decade."

The policy of placating the Communist Chinese leadership in order to encourage the regime to become a more responsible member of the world community is a failure. Even Defense Secretary Cheney admits that the Chinese "have in the past * * * been less than scrupulous in their concern for maintaining control over that technology."

The administration's policy is not producing changes in Chinese behavior, either with respect to human rights inside China and Tibet or with respect to weapons proliferation outside China.

Instead it is making the Chinese Government secure in the knowledge that as long as it has a special friend in the White House, China need not worry about American public opinion or American trade relations.

That is not a policy that is in the best interests of the United States of America. It is a policy that serves the interests of the Communist Government of China.

I hope my colleagues take those factors into account as they consider the legislation before us. The President's policy has now had more than 2 years to achieve its stated goals. It has failed.

It is time to change that policy.

Mr. GRAHAM. Mr. President, when the Senate approved its version of the China MFN legislation last year, it included an amendment of mine that would have withheld MFN status unless China reduced its subsidized trade with Cuba.

I very much regret that the conference bill we are voting on today does not include that provision.

Mr. President, there are many good reasons for voting for this bill. China has a miserable human rights record, which has been well documented during this debate. They continue to export arms to volatile regions of the world. And they cheat on their U.S. trade quotas.

This bill appropriately addresses those concerns. What it does not address is the question of the blossoming relationship between the hard-liners in Beijing and Fidel Castro, the last dictator in Latin America.

At a time when Castro is weaker than ever, is it in our interest to subsidize his economy by strengthening his Chinese trading partners?

Cuba is increasingly isolated. And yet China is one of the few countries in the world today that is forging closer economic, political, and cultural ties with the Castro government.

Perhaps their shared view toward human rights have brought China and Cuba together. Cuba refused to condemn China for the Tiananmen Square massacre and China refuses to support United Nations sanctioned efforts to investigate human rights violations in Cuba.

It is ironic that as we debate this bill, U.N. Representatives are meeting in Geneva to discuss the human rights violations in both countries.

Whatever the reason, these two hardline regimes are daily strengthening their fraternal socialist ties, much to the regret, no doubt, of their own citizens.

Trade between China and Cuba has grown dramatically since 1987. Bilateral trade in 1990 was $458 million, a threefold increase over the $150 million worth of trade conducted in 1987.

Last year, even though China had a record sugar harvest, the Chinese imported 892,000 tons from Cuba in barter trade while cutting purchases from other sources.

China is the second largest purchaser of Cuban sugar behind the Soviet Union. By the end of 1988, China was Cuba's third largest supplier of consumer goods.

In fact, China allows Cuba to run a trade surplus. In the first quarter of 1989, Cuba sold China 67 percent more than what it purchased.

In April 1990 China gave Cuba a 10-year interest-free loan for an undisclosed amount.

And in May that same year, China agreed to construct Cuba's first factory to make electric motors.

At the beginning of 1991 both countries signed a 5-year trade agreement.

Mr. President, this is a relationship that is strong and growing stronger.

Indeed, officials of both countries say trade and economic cooperation will increase in the future. Castro claims Cuba has much to learn from China's experiences in building socialism. No doubt.

Perhaps he can get some hints on how to handle dissidents—although I am not sure he has much to learn in this area. He has just embarked on a new crackdown on Cuban dissidents.

Mr. President, Castro's economic ties with China are valuable. But he is benefiting even more by making it appear that Cuba is developing a special relationship with China, thereby giving lie to claims of Cuban isolation.

There should be no doubt about Cuba's isolation. Portugal's socialist leader, Mario Soares, calls Castro "a dinosaur; that is to say, a prehistoric animal on the path to extinction."

In perhaps the deepest dig of all, Spanish Prime Minister Felipe Gonzalez, another socialist, has called on Latin leaders to "regulate guerrilla adventures to the tales of the imaginative novelist that this continent has in such great supply."

Mr. President, Castro continues to wreck a lot of lives. Now he is doing it with China's help.

We continue to pressure the states of the former Soviet Union to cut their ties with Cuba. We should do the same with China.

I am very disappointed that the conferees failed to include this amendment in the final bill. I can only hope that the next time we have an opportunity to further isolate Cuba, we will not squander it.

Mrs. KASSEBAUM. Mr. President, we return again today to the issue of whether to withdraw China's MFN status. While I remain deeply troubled by the human rights condition in China and by the questions raised about China's proliferation and trade policies, I continue to firmly believe that MFN status is not the means to resolve these problems. And that is what today's debate is again about—means not ends.

There is no one here in this Chamber or in the administration who does not want to end the trauma of political detainees and their families in China. There is no one here in this Chamber or in the administration who does not want to end proliferation of weapons of mass destruction. And there is no one here or in the administration who does not want to forcefully address China's trade practices.

The debate continues to be whether targeted sanctions and diplomacy are a better means to achieve these goals than bluntly cutting off MFN and isolating China. Isolation and what would, in effect, be a cutoff of trade, have proven in the past to be disastrous for reform in China. The harshest period of Maoist rule occurred during a time of China's isolation. It was the opening of relations with the West and the beginning of trade which served as a springboard for China's economic reform.

I continue to believe today that diplomatic exchanges on the issue of human rights and continued economic contacts with the entrepreneurs, who are the major force for change, remain the most effective ways to get our message across. These are the most effective ways to keep the door open for reform.

While I am disappointed in the amount of progress made on the human rights issue, nevertheless, some progress has been made. Our continued pressure on the issue has resulted in an accounting of political prisoners and has led to the release of others. And, while China has publicly proclaimed that human rights is no one's business but their own, they have acknowledged the legitimacy of the human rights dialog and have named a counterpart for regular consultations with us.

Much more needs to be done. The message the Chinese should and must receive from this debate is that relations will not return to business as usual until their human rights practices substantially improve. Whether or not MFN is withdrawn, targeted sanctions will remain in place, diplomatic pressure will continue, and private investment and contacts will continue to remain limited due to the uncertainty in that country. We are all concerned and we all demand progress.

The same remains true on the issues of proliferation and trade. Once again, I fundamentally disagree with the supporters of this bill that a cutoff of MFN is the way to resolve our concerns. While questions remain about China's proliferation policies, our continued pressure has yielded several important points of progress. China has recently agreed to observe the Missile Technology Control Regime [MTCR] and is on track to accede to the Nonproliferation Treaty by April.

We must ensure that they abide by these new standards. If they don't, I firmly believe that targeted sanctions against the companies and related government contacts are far more effective in ensuring compliance than a broad sweeping cutoff of MFN. A cutoff of MFN does not send as clear a message, or does it allow us to respond in a timely and targeted manner to improved conditions. Furthermore, as several of my colleagues have already pointed out, a cutoff of MFN has not been a standard for our proliferation concerns with any other nation, including our allies France and Germany.

I would make similar arguments about our trade concerns. In these cases, I believe the President's initiation of two section 301 investigations is far more useful to resolving these problems than a cutoff of MFN. Such a cutoff would hurt American workers and American trade, as well as hurting the Chinese. Last year, China was the fastest growing Asian market for United States exports. Our exports to China accounts for 120,000 United States jobs. This makes it incumbent upon us to be certain that the means will certainly achieve the ends.

I do not have that confidence. For the reasons I have just stated, I believe we will only be worse off in terms of our efforts to effect change on human rights, proliferation and trade with a cutoff of MFN at this time. While I share the concerns of the supporters to this bill, I firmly believe that isolating China with a cutoff of MFN will only hamper progress rather than achieve it.

Mr. KENNEDY. Mr. President, I give my strong support to this measure to condition President Bush's renewal of most-favored-nation trading status for the Peoples' Republic of China on improvements in that country's practices regarding human rights, trade, and arms control.

Since the bloody Tiananmen Square massacre in June 1989, the Chinese Government has time and again demonstrated its unwillingness to adopt democratic reforms or moderate its brutal policies.

The Beijing regime continues to pursue a path of violent dictatorship, blatant disregard for human rights, and ruthless repression. Unfair Chinese trading practices have opened a trade

deficit of over $13 billion a year between our countries. Despite repeated assurances that it would halt the sale of missiles and nuclear technology, China continues to sell weapons of mass destruction indiscriminately throughout the world.

President Bush has consistently adopted a double standard with respect to human rights, free trade, and arms control—a lenient standard for China and a strict standard for the rest of the world.

The administration's course of appeasement is a failed policy which has served only to strengthen Beijing hardliners at the expense of individual freedoms and world peace. It is time for the United States to abandon this policy and take a more active role in supporting prodemocracy forces and the long-suffering Chinese and Tibetan people.

Following the Tiananmen Square massacre, President Bush imposed significant sanctions against the Chinese Government—including a prohibition on high-level contacts, trade restrictions, economic sanctions, and the suspension of military and nuclear cooperation. Since that time, however, the administration has gradually weakened the sanctions, even though the Government of China has continued its repressive policies.

In fact, within weeks of the Tiananmen Square massacre, President Bush began to waive sanctions, including bans on high-level contacts, the export of satellites, the sale of aircraft, and the prohibition on United States support for international loans to China. He also vetoed congressional sanctions regarding OPIC, trade assistance, munitions, satellites, nuclear cooperation, and the extension of student visas.

By sending Secretary of State Baker to Beijing in November, President Bush helped to restore international legitimacy to the Chinese regime and undermine the courageous forces of democracy still struggling for a new China.

Moreover, by personally meeting with Premier Li Peng, the harsh architect of the Tiananmen Square massacre, at the United Nations last month, President Bush strengthened the hand of hardliners in Beijing. Li Peng's propaganda machine has publicized that meeting as proof that the United States is pursuing normal relations with China.

Rather than moderating Chinese behavior, the administration's conciliatory gestures have been met with further crackdowns by the Chinese Government.

Chinese authorities were even less willing to reduce their repressive policies in 1991 than they were in 1990. In 1990, the authorities announced the release of 881 prodemocracy activists. In 1991, there were no large-scale releases of prisoners. To the contrary, the year began with the largest number of dissident trials in China since the summer of 1989.

Time and again the President has offered incentives to encourage the Chinese leadership to pursue the path of reform and moderation. Time and again the Chinese leadership has rejected these approaches. By once again renewing China's MFN status unconditionally, the White House would only fortify what the State Department itself has labeled a "repressive" and "authoritarian one-party state."

According to the 1992 State Department human rights report, the Chinese Government maintains a security apparatus which employs torture, arbitrary arrest, and detention. The report emphasizes that in 1991 the regime's "human rights practices remained repressive, falling far short of internationally accepted norms."

Since the Tiananmen Square massacre, the Chinese Government has detained 30,000 prodemocracy advocates, executed an undisclosed number of individuals, sentenced more than 800 persons to prison, and brought new charges against individuals who supported the democracy movement.

Repression has also reached far beyond those involved in efforts to promote democracy. Thousands of prisoners across China and Tibet perform forced labor for the Chinese Government, and many of the goods they produce are sold to Western markets. The use of torture in these prisons became so widespread last year that the Deputy Chief Procurator reported that in three months his department investigated 2,900 cases of extorting confessions by torture. Nearly 500 of these cases resulted in death or serious injury.

Religious activities were further curtailed in 1991, marked by a new round of repression against Catholic priests and participants in informal Protestant house congregations. An internal government directive ordered a severe crackdown on all religious groups, authorizing security forces "to attack the use of religion * * * and to firmly resist the infiltration of foreign religious inimical forces."

In addition, Chinese troops continue to occupy Tibet illegally. Under orders from Beijing, the army has extended its brutal repression of the Tibetan people and expanded policies designed to destroy Tibetan culture.

Of the 360 Tibetans who have been detained for political offenses since 1987, 240 are still in custody. Reports of torture and abuses of the Tibetans are common. Last March, when former U.S. Ambassador James Lilley visited Drapachi prison, he was not allowed to speak with any of the inmates. Moreover, Tibetan prisoners who attempted to hand him a petition were severely punished.

The administration's hollow China policy is clearly sending the Chinese Government the wrong message. The Beijing regime is convinced that it can get away with the suppression of human rights and democracy movements, because the United States will respond with only token gestures of disapproval.

At his meeting with President Bush, Li Peng was so confident in the unwillingness of the United States to impose sanctions that he categorically rejected the President's requests regarding human rights.

America must play a more effective role with respect to the Chinese Government's human rights practices. Li Peng's claim that human rights are an internal affair do not exempt Beijing from its obligations to uphold universal human rights standards.

In the wake of Li Peng's visit to the West, it is essential that the United States deliver this message in the most effective manner possible. Conditioning MFN upon an improvement in China's human rights policies will demonstrate the more serious commitment that America ought to make.

Another purpose of granting MFN trading status is to promote free trade—a goal which we all share. Yet, while our trade benefits flow to China, China has shut its gates to our products.

Unfair trade barriers limiting foreign access to Chinese markets continue to drive up the United States trade deficit to China. In 1991, despite promises by government officials that China would open its market to United States goods, China's annual trade surplus rose to $13 billion. Today, China's trade advantage over the United States ranks third, behind only Japan and Taiwan.

Moreover, China continues to use prisoners as slave labor to lower the price of exports. Although Beijing denies this practice, official documents obtained last year by the human rights organization Asia Watch call for intensified prison labor production, targeted especially at United States, German, and Japanese markets.

The United States should not grant MFN status to a trading partner which refuses to buy U.S. goods and which exports products made by slave labor.

On the issue of arms sales, American intelligence reports indicate that China is continuing to sell missile technology to Syria, Iran, and Pakistan, and nuclear technology to Iran, despite assurances by Chinese leaders that they would curb such exports.

Beijing has recently delivered to Syria about 30 tons of chemicals needed to make a solid-fuel missile, and plans to deliver an additional 60 tons in March or April—enough to make a significant number of intermediate range missiles. It has also delivered M-11 ballistic missiles to Pakistan, along with guidance units to control their flight.

The transfer of this technology is particularly troublesome, because the administration has already notified Congress of its intention to lift sanctions on the sale of American satellite parts and high-speed computers to China.

According to Arab press reports, China will make M-9 and M-11 missiles in Iran, and transfer nuclear technology to Iran, as part of the 10-year military technology transfer agreement between Beijing and Teheran. In addition, the Chinese are constructing a nuclear facility in Algeria. Experts believe that it will be capable of producing five atomic bombs a year when it begins production.

Li Peng's regime has repeatedly lied to the Bush administration about arms sales, without paying any penalty. The Chinese Defense Ministry, which holds absolute power over such sales, is confident that President Bush will not impose a serious penalty. Accordingly, the Ministry has ignored commitments contrary to the interests which profit from China's global arms trade.

These arms sales demonstrate the failure of United States policy, and underscore the importance of tying MFN status to China's willingness to make a genuine commitment to arms control.

The bill before us today conditions the continuation of MFN status on improvements by China in each of these areas—human rights, trade, and arms sales. It prohibits the renewal of China's MFN status in June 1992, unless President Bush certifies that the Government of China has: First, accounted for and released citizens detained, accused, or sentenced because of their participation in prodemocracy activities; and second, refrained from transferring M-9 and M-11 missiles to Syria or Iran.

In addition, it requires the President to certify that China has made "overall significant progress" on a number of human rights, trade, and weapons proliferation issues.

With respect to human rights, the bill requires progress in preventing internationally recognized human rights violations in China and Tibet, including an end to religious persecution and the removal of restrictions on freedom of assembly, the press, and Voice of America broadcasts; terminating the export of prison-made goods; ending the intimidation of Chinese students in the United States; and allowing human rights groups to monitor prisons and trials.

With respect to trade, the bill requires progress in the removal of barriers against imports of U.S. goods; the cessation of unfair trade practices; and the protection of U.S. intellectual property rights.

With respect to weapons proliferation, the bill requires progress in adherence to the standards and guidelines of the Missile Technology Control Regime, the Nuclear Suppliers Group, and the Australia Group on chemical and biological arms proliferation, and steps to ensure that China does not transfer nuclear technology to nonnuclear weapons states.

These are the minimum acceptable conditions which China should be required to meet in order to retain its MFN status.

In opposing this legislation, the administration is relinquishing one of our few effective tools in the effort to encourage the Chinese leadership to moderate its policies. The administration's unwillingness to take a strong stand against the Chinese Government is a clear signal to Beijing that human rights atrocities, unfair trade barriers, and nuclear proliferation can continue, and will not receive serious opposition from the United States.

American trade policies should not be used to support the repressive policies of the Chinese Government. An unconditioned renewal of China's MFN status would make a mockery of the lives lost at Tiananmen Square and the suffering of political prisoners. It would be viewed by democratic forces in China and around the world as signifying America's acquiescence in further repression.

The Goddess of Democracy, the symbol of the prodemocracy movement, was modeled upon American values of freedom and equal justice. If America is to retain leadership in the cause of democracy around the world, we must act in a manner consistent with these values and resist policies that accept repression.

The conditions imposed by this legislation are realistic and reasonable. I urge the Senate to support this timely and important measure.

Mr. DASCHLE. Mr. President, our decision to grant a nation most-favored-nation [MFN] trading status should be based on whether the nation is committed to fair trade with the United States. It makes no sense to open our market to the other country, if the other country will not open its market to us. If you open your door to someone, you expect them to open their door to you. If you open your door, and the other person breaks your rules, you probably would condition the next invitation. You would want some commitments that the other person would respect your rights and property before you let him in again.

That's what this legislation will do. It tells the People's Republic of China what it must do to enjoy the benefits of the United States market. The bill sends a message that China must open its door to us, if it wants us to open our door. It calls on the Chinese Government to observe certain international standards of conduct against the spread of weapons and for human rights.

This legislation does not cut off MFN for China. The President can seek renewal of MFN in June, and MFN will be renewed, if China has met three reasonable conditions:

First, it has accounted for and released citizens who have been imprisoned or penalized for stating their political beliefs:

Second, it is not selling missiles to Syria and Iran; and

Third, it is making progress toward meeting international commitments against the spread of weapons.

Congress is considering several proposals relating to MFN for China. On one extreme are those who want to grant MFN permanently without conditions; on the other extreme are those who want to revoke MFN immediately. I have discussed the issue of renewing China's MFN status with many South Dakotans over the past few months. By overwhelming margins, they want the United States to take a middle ground approach—to renew MFN for China, but to make the Chinese Government aware of our serious concerns over its unfair trade practices, human rights abuses and missile sales. The American people want the United States Government to insist on trading relationships that are fair, but China has not been fair with the United States.

As important as the human rights concerns are, MFN is a trade tool. Ultimately, the decision whether or not to renew MFN comes down to whether such a move is in our trade interest. Has the MFN beneficiary traded fairly with the United States? China has not.

The Chinese Government has been abusing the privilege of MFN status. China exports products to us that have been manufactured by prison labor. China ignores United States laws protecting patents and copyrights, in effect, stealing from American producers. China has erected countless tariffs and other barriers to United States trade.

As a result of these protectionist measures and other unfair practices, our trade deficit with China increased by 67 percent last year to $10.4 billion. Our deficit with China is now second only to Japan. In 1990, China's exports to the United States increased by 27 percent, while our exports to China decreased by 17 percent.

It appears that China is learning from Japan. China has seen how President Bush gives in to Japan, how we fail to enforce our trade agreements, how we look the other way when nations break their commitments.

China is making a mockery of its trade relationship with the United States. The Chinese Government is practicing a form of international economic extortion. It threatens us with retaliation if we withdraw MFN, while the Chinese Government thumbs its nose at us if we demand that it live up to its obligations. The United States is strong enough to stand up for its interests and principles.

Some people are concerned that any action the United States takes to fight unfair trade practices will result in a Chinese decision to cut off United States agricultural exports. I take these concerns very seriously. We must not mix food policy with foreign policy. In this competitive world we must be ready to sell to whomever will buy our agricultural products. Because I want to see our agricultural exports to China continue, I believe we must be tough and demand fair treatment.

It is in the long-term interest of our trading relationship with China, and in the long-term interest of preserving our agricultural exports, that we bargain from a position of strength and insist that China respect fair trade. If we fail to take strong action now to counter China's trade violations, we make our agriculture exports vulnerable to being cut off at any time for any reason. We must not give in to threats from other countries.

It is wrong to assume that indefinite, unconditional extension of China's MFN status is the only means of making United States agricultural sales to China. MFN is not necessary to sell grain to China. There is no reason to link grain purchases to MFN. That the Chinese would do so is extortion. The United States should not give in to such coercion.

The Chinese will buy grain from the nation offering the best price. We have available various programs to make sales at competitive prices. The former Soviet Union did not have MFN status, but we found ways to sell more agricultural products to the Soviets than we have sold to the Chinese. Sales to China dropped last year, despite China's unconditional MFN status. The following is a comparison of agricultural exports to the former U.S.S.R. and to China. It shows how sales to the former Soviet Union exceeded sales to China.

U.S. AGRICULTURAL EXPORTS BY VALUE

[Dollars in millions]

	1987	1988	1989	1990	1991
U.S.S.R	659.1	1,939.6	3,298.8	2,984	1,758
China	234.8	612.6	1,496.1	907	668

U.S. WHEAT EXPORTS BY VALUE

[Dollars in millions]

	1987	1988	1989	1990	1991
U.S.S.R	325.1	822.5	819.7	550	194
China	64.7	524.1	1,225.4	544	330

Mr. President, our agricultural producers need the Chinese market. To maintain this market for years to come, we must build a trading relationship based on mutual respect. We must insist on fair trade. If other countries think we are weak, if they think when we are pushed on trade matters we will give in, we will always be at the mercy of other countries. The markets that are open today may be closed tomorrow. We must set our policies based on our principles and interests, and not on what will least offend other countries.

For these reasons, Mr. President, I support the conference report.

Mr. SANFORD. Mr. President, in considering this debate over the unconditional extension of most-favored-nation [MFN] trading status to China, I note that, for the most part, the scenery has not changed much since the last time we argued the merits of continuing China's MFN status. China remains deficient in respect for human rights, a violator of efforts to curb arms proliferation, a disrespecter of intellectual property rights, and an overall unfair trading partner.

On the other hand, there is change, and my constituents have let me know that they are feeling it. Chinese textile and apparel exports the United States are rising dramatically and the Chinese are erecting huge barriers to United States goods. Mr. President, the textile workers in my State are suffering as this administration preachers one set of standards but is willing to live by another.

I believe that H.R. 2212 to condition MFN on progress in the areas of human rights, weapons proliferation, and trade is a reasonable and fair standard. It is the least we should do in response to China's persistent unfair behavior.

China has become the second largest deficit trading partner of the United States behind Japan. In real terms, that means that the American people are absorbing more Chinese goods and exporting fewer goods than to any other country except Japan.

The textile industry stands to lose at virtually every negotiating table these days. The Dunkel text, offered in December at the Uruguay round, further jeopardizes the health of the textile industry and the United States-Mexico Free-Trade Agreement will undermine what remains of North Carolina's dwindling industry. How then, can we permit a non-GATT member with an infamous track record to benefit so heavily from our trade policy? I think that we must approach this debate over MFN status in the larger context of its overall impact on U.S. industry and economic health.

It is my position that China, as a non-GATT member, should not reap the benefits of the GATT agreement until it complies with international trade law: that is no more forced labor, no more dumping, no more transshipment and the protection of intellectual property rights. Consistent with that position is that we should require China to comply with international trade law to enjoy MFN status.

The American Textile Manufacturers Institute [ATMI] estimates that the elimination of textile and apparel quotas proposed in the Uruguay round could cut United States production by 60 percent and eliminate a total of 1.4 million American jobs in 10 years. The early phaseout period for the Multifiber Arrangement [MFA] will especially help Asian countries who ignore safety standards, enjoy huge government subsidies and keep their markets tightly closed.

Statistics show that East Asia will capture whatever markets Mexico would have gained under NAFTA if the MFA is phased out in 10 years. The projected increase in quotas for East Asia in the Dunkel text is 2 billion square meters which is two and a half times Mexico's projected quota increase under the NAFTA. This demonstrates the severe situation that our textile and apparel industries are facing. China, as the source of much of this unfair competition, should not be rewarded for its behavior with unconditional MFN status.

Many have noted that MFN may be a misnomer and that, in fact, it merely denotes a normal trading relationship. At the very least, though, MFN is by nature intended to be reciprocal. While our markets have become increasingly open to Chinese imports—14 percent of our total imports are Chinese textiles and apparel—China's worldwide import restrictions have turned its 1988 deficit of $7.7 billion into a 1990 $11.1 billion surplus.

Partially responsible for China's extremely low cost of labor is its use of forced and prison labor. China has simultaneously denied that products made by prison labor have been exported to the United States and pledged to take steps against companies who may be engaged in the illegal activity. How can our industry which pays an average in North Carolina of $9.74 compete with Chinese which pays an average of $.37 per hour?

Additionally, China engages in widespread transshipment. In order to circumvent the bilaterally negotiated textile quotas, China gets textiles and apparel into this country by shipping through other countries and attaching false country-of-origin labels. Transshipment undercuts the domestic industry and violates the integrity of the quota system. In 1990, China admitted that many textile and apparel products had entered the United States mislabeled. The United States adjusted the quotas and asked the Chinese to do better. Transshipment continues virtually unabated. In fact, a senior customs officer estimated that more than 2 billion dollars' worth of textiles and apparel entered the United States fraudulently in 1990.

China's violations of United States and international trade law would be less consequential if this administration and its predecessor had done its job of enforcement of the law. Our trade laws are rarely inadequate in themselves, but they suffer from an endemic lack of compliance by those they

are directed to effect. The administration has blatantly not been aggressive about enforcement and that has given other countries such as China the impression that we are not serious about protecting our industries and our workers. All too many of our top trade negotiators occupy this critical position under the guise of working for the American people but are really just thinking ahead about the lucrative job opportunities lobbying for foreign governments or representing importers when they leave the trade office.

In his book "Agents of Influence," Pat Choate enumerates examples of the revolving door which passes top State and Defense Department officials from U.S. Government service into the service of foreign governments' interests. Between 1973–90, half of those who served in the United States Trade Representatives' office later went to work for Japan. This is Washington, DC, at it worst, earning the infamous reputation of turning its back on the American worker and overall economic competitiveness.

Conditioning MFN will encourage China to consider the loss of its biggest market and the tremendous amount of capital equipment and technology it receives from the United States. As well, it will strengthen the political and economic reformers.

I understand the intention of the administration to maintain a trading relationship with China. I agree that trading relationships inherently have more influence that stiff-arming but if our influence is never exerted to foster compliance by the Chinese to international trade law, what good is it to our textile workers?

Mr. President, I encourage my colleagues to think clearly about the headlines that have dominated newspapers across this country in the past year indicated the ill health of our economy, our manufacturing base and our trade deficit and vote in the interest of the American worker and industry to make China as accountable to international law as all other nations.

Mr. ADAMS. Mr. President, we have heard much recently about China's trade and economic activities: a landmark intellectual property agreement has been signed, Chinese leader Deng Xiaoping has publicly begun to push for increased economic reform, and market access talks are proceeding somewhat ahead of schedule.

We have also heard much about China's political activities. And it seems to be politics as usual. The meeting between President Bush and Premier Li Peng was not the diplomatic breakthrough that some had hoped. Once again, China refused to discuss human rights, terming the Government's treatment of its citizens an internal affair. Assurances made to Secretary of State Baker in November that any citizen not charged with any crime would be free to leave China have proven hollow.

Lastly, we have heard much about the transfer of Chinese missiles and missile technology to the Middle East and South Asia. While I remain hopeful that China's pledges to adhere to the Missile Technology Control Regime and to ratify the Nuclear Nonproliferation Treaty in the future will be carried out, I believe that the area of nonproliferation is too important to leave to trust. The United States should monitor Chinese transfers carefully and should insist on concrete demonstrations that China is living up to its promises.

All of these factors must play a role in our deliberation over this conference report. I am pleased with the progress that appears to have been made in the trade area. Trade with China is an important part of Washington State's economic health. Indeed, Washington trades more with China than any other State in the country.

I also believe, however, that the threat of losing most-favored-nation status is what is driving the current reform mood. And I believe that in this post-cold-war era the United States must increasingly stand for its principles in trade and foreign policy.

MFN is the strongest policy tool we have to promote nonproliferation and respect for human rights in China. It is also one of the few policy tools that the Chinese understand. If the Chinese leadership is true to its word, then the conditions are attainable and MFN is not jeopardized. If, on the other hand, the leadership has no intentions of fulfilling its promises then the conditions are all the more important.

The administration has argued that unconditional MFN gives the Chinese Government an incentive to remain engaged with the West on issues such as nonproliferation, protection of human rights, and trade policy. MFN cannot be an incentive, however, if it is simply taken for granted by the Chinese. It can only function as an incentive if the Chinese understand that they can preserve preferential tariff treatment only through specific behavior. And that their trade preferences can be taken away.

It is important for the United States and China to remain engaged—and our trade relationship is arguably the most important part of that relationship—but the relationship cannot remain static. It must reflect the changing international environment. The broad range of United States interests and values are best served by communicating United States policy forcefully and by impressing upon the Chinese leadership that its actions, both internal and external, have repercussions in the international system and in its relationship with the United States.

For all of these reasons, I will support the conference report on H.R. 2212, the United States-China Act of 1991.

Mr. DURENBERGER. Mr. President, I rise in opposition to H.R. 2212, the conference report conditioning most-favored-nation [MFN] trade status for China. Although much improved over the bill passed by the Senate last summer, this conference report remains flawed in its basic approach to this issue.

Twice last summer, I spoke in this Chamber against measures to restrict MFN for China. I concluded then, and I remain convinced now, that it is in our Nation's best economic and geopolitical interests to maintain normal trading relations with China. Further, I believe continuing MFN will improve the economic and political conditions for the people of China.

Mr. President, I wish to emphasize that neither the President of the United States nor this Senator believes that extending unconditioned MFN can be interpreted as condoning China's human rights practices, its irresponsible weapons proliferation policies, or its various troublesome trade practices.

Objectively, the United States is at the forefront of nations across the globe in condemning these Chinese actions and going further than anyone else in imposing sanctions and other restrictions on our dealings with China.

Nevertheless, Mr. President, as I noted over the summer, the critics of United States policy want us to go still further, risking setting the clock back on Sino-American relations 20-plus years, to a time when we actively sought to isolate China. We and China have come a long way since that time, to each side's mutual advantage. It is difficult for this Senator to imagine what benefits would derive to our country from a return to policies of isolating China.

During the several debates in the Senate last summer, I urged my colleagues to consider not only the likelihood that conditioning MFN would fail to achieve the desired objectives in China, but that it would profoundly damage United States economic and political interests. True, China runs a huge trade surplus with the United States, but let no one interpret that to mean that we only buy from China and sell nothing.

Let the critics recall that they are risking more than $5 billion in U.S. exports, including wheat, $511 million; aerospace, $749 million; computers and electrical machinery, $860 million; fertilizer, $544 million; cotton, $259 million; wood products, $281 million; and other significant exports. Not only would the critics sacrifice these substantial United States exports for precious little in exchange, they would also abandon the market to our European and Japanese competitors, who stand poised to fully exploit market openings.

Minnesota farmers and businesses would be among the big losers if the United States restricts MFN. For the wheat farmers of our State, a $27 million market will disappear, only to reappear on the ledger sheets of our competitors. For Cargill, 3M, Control Data, Eaton, Honeywell, MTS, Thermoking, ConAgra, North Star Steel, Medtronic, Crown Iron Works, and others in Minnesota, restricting MFN means the wholesale transfer of export business to European and Japanese competitors.

Mr. President, in June and July, I urged my colleagues to consider a very powerful lesson from our past experience. That lesson is that unilaterally using trade as a foreign policy weapon only hurts the American exporter and consumer. Other countries will always step in to fill the void left by our unilateral withdrawal from a market. This is precisely what happened with the failed United States embargo against the Soviet Union in 1979.

More recent experience has also taught us that the corollary to this reality is also true. That is, that economic and trade policy can be a meaningful foreign policy tool only when applied multilaterally, in concert with the world's other trading partners. United Nations economic and trade sanctions against Iraq have had meaning only because the world acted in unison.

I ask my colleagues again, will Japan follow our lead in restricting trade with China? Will France or Germany? Will Australia or Brazil? No, Mr. President, of course not. Their farmers and businesses will simply step in and take the business that we unilaterally sacrifice.

Mr. President, I want to emphasize yet again my stern opposition and criticism of China's human rights practices, its weapons proliferation policies, and various of its own trade restrictions. No one, least of all this Senator, condones this conduct. Strictly conditioning and ultimately revoking MFN on a unilateral basis simply will not have the desired impact in China. It will punish those we are most interested in trying to help—the economic and political reformers who are attempting to move China's command economy to a free market, and ultimately, to a free society.

We must also consider the progress that has been made thus far. The Secretary of State's visit has begun an important discussion, akin to that with the Soviet Union in 1983 and 1984. We have seen a new intellectual property rights agreement that goes a ways to demonstrate the beginning of good faith in bilateral trade and investment. In recent days, China has agreed to join the United States and other countries in an important missile technology control regime. This is a long road, but we should not ignore the progress the administration has made. In my view, we owe Secretary Baker a debt of gratitude.

Mr. President, China's human rights practices concern me deeply. I have listened and learned from the argument in favor of conditioning MFN with so-called achievable objectives, particularly in the human rights area. Members of my staff met at length today with Chinese student leaders in Minnesota. I have discussed that meeting with my staff and read the materials that the student leaders provided. At the appropriate place, I will ask unanimous consent that their letter to me be included in the RECORD.

The students make a strong and compelling case, but after carefully considering their arguments and the debate here in the Senate, nothing has changed my basic belief that it is fundamentally inappropriate for the United States, acting alone, to start and stop trade with other countries because of disputes over human rights matters. If we applied these same standards to any number of our other trading partners, we would be unilaterally restricting trade all over the Third World.

Last summer, I quoted at length from the publications of respected international human rights organizations regarding the records of various trading partners. No one is calling for revoking normal trade relations with Indonesia or Kenya, Mexico or Brazil, Turkey, South Korea, or India. Acting alone, the United States cannot, regrettably, change the behavior of the rest of the world. The forum for addressing these issues is not through trade, but through vigorous diplomatic efforts.

In this regard, Mr. President, I call on President Bush and Secretary Baker to keep the pressure on China to improve their various policies and practices that we and other responsible members of the international community rightly find so objectionable. Clearly, more needs to be done to persuade China to respect internationally accepted norms of behavior in areas such as human rights and weapons proliferation.

But MFN is the wrong tool for the job. It is a blunt instrument that holds little promise for achieving otherwise laudable objectives. Effectively revoking MFN will only kick the legs out from under the negotiating table at which we address our very real and serious problems with China. That might give some of us a degree of short-term satisfaction, but precious little long-term gain.

Mr. President, I urge my colleagues to take the long-term view and defeat this conference report.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter I received today from a group of Chinese student leaders in Minnesota. Thank you, I yield the floor.

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

THE NATIONAL COMMITTEE ON CHINESE STUDENT AFFAIRS, INDEPENDENT FEDERATION OF CHINESE STUDENTS AND SCHOLARS,

Eagan, MN, February 24, 1992.

Hon. DAVE DURENBERGER,
Minneapolis, MN.

DEAR SENATOR DURENBERGER: We, the undersigned, are writing to you to convey our deepest support for the Conference Report on HR 2212 attaching human rights conditions on to renewal of MFN trade status for China. We want you to vote yes on the conference report.

As we understand, HR 2212 streamlines conditions for China's retention of most-favored-nation trading status, requiring Beijing to (1) release and be accountable for people imprisoned from the 1989 Tiananmen massacre, (2) stop selling missiles to Iran and Syria and (3) show "overall significant progress" on other human rights, weapons proliferation and trade issues. We understand that the intent of the bill is not to revoke China's MFN trading status, but to use MFN as a toll to pressure China to improve its human rights record and to force the Chinese Government to fulfill its obligations as a member of the international community. So the issue here is not whether we should give China the trading status. But rather under what conditions should we trade with China.

We realize that an argument has been made that too restrictive conditions to MFN might push the Chinese Government into isolation and the loss of MFN would inflict hardship and remove the modernizing stimulus that MFN provides to reform entrepreneurs. But the conditions on the conference report are not too restrictive. They have been much reduced and modified from what was there before. The prospect of American trade—$15 billion hard-currency profit—ought to give the Chinese Government incentive to pay the price in meeting these conditions. The conditions proposed in HR 2212 are within the Chinese Government's reach.

In fact, the China has started making "progress" in many areas since this legislative proposal gained momentum. Agreement on intellectual property rights have been reached between the U.S. and China. We have reasons to believe that progress can also be made in the areas of human rights and political freedom in China with or without the will of the government.

Outside help is needed to foster the improvement on human rights and political freedom in China. We believe that the reforming forces within the Chinese Government will sooner or later overcome the hardliners in overturning the verdict on what happened in Tiananmen Square in the spring of 1989. With your YES vote on HR 2212, this day may come sooner rather than later.

The United States Congress has a special role to play in encouraging greater freedom in China. Chinese Premier Li Peng's recent visit to New York strengthened the hard-liners in their bid for power in the succession struggle now taking place in China. Congress alone can now demonstrate U.S. commitment to the rule of law and human rights for all China to see. You can help, by voting yes on HR 2212, keep the spark of hope for freedom alive in the hearts of our countryman.

During the past year, China has suffered through a deteriorating human rights situation. Arrests have continued and prisoners

are being tortured and ill-treated. The Chinese regime remains committed to breaking the back of the democracy movement. The State Department's recently released annual human rights report depicts the cruel circumstances under which Chinese citizens are living.

We, who are temporarily living outside China, have very few alternatives for remedies for China's human rights situation. We strongly appeal to you to vote YES on the bill. Your vote will means so much for those of us who are struggling for a better and more democratic China.

Thank you very much for your consideration

Signed,

YING Q. JI,
Chairman.

Mr. McCAIN. Mr. President, the conditions which the conference report to H.R. 2212 would place on most-favored-nation trading status for China are not as numerous nor as severe as the legislation which the Senate considered last year. These modified conditions coupled with the fact that China's policies on a whole host of issues that concern us make this legislation a more attractive vehicle for the Senate to employ as a means to express our opposition, indeed, our outrage over China's irresponsible proliferation policies, inhumane human rights policies, and grossly unfair trade policies.

China's aging leadership remains a bulwark for tyranny at this moment when democratic values are ascendant almost everywhere in the world. As I said in last year's debate, China's leaders thought they had a choice between tyranny and disorder. They chose tyranny now, they will get disorder later.

Similarly, in a choice between world stability and hard currency, China has frequently chosen the latter and has aggravated the most dangerous and destabilizing problem of the post-cold-war world—the proliferation of weapons of mass destruction and the means to deliver them.

Last, China has persisted in exploiting the United States fidelity to the principles of free trade by conducting trade policies which are neither free nor fair.

For all of these reasons, Mr. President, the U.S. Congress is properly seeking a vehicle to impress upon the Chinese our opposition to their policies and our intention to compel the termination of those policies.

The argument again comes down to whether conditioning MFN status will, in fact, help us convince the Chinese of the error of their ways or whether it will encourage a hardening of their positions.

Mr. President, at this moment I do not know the answer to that question.

The administration claims to have made limited progress in some of the most troubling questions about China's policies. The Chinese have agreed in writing to observe the Missile Technology Control Regime guidelines, and they are moving to accede to the Nuclear Nonproliferation Treaty by April.

The Chinese, when confronted by an investigation under the Super 301 provisions of the Trade Act, have significantly improved protection of the United States intellectual property rights. But the fact remains that we continue to endure an enormous trade deficit with China which, in this instance, indicates a continuation of unfair Chinese trade policies even though China is the fastest growing market for United States goods in Asia.

On human rights, the improvement in Beijing's record is so marginal that it does not merit our recognition. If the past is any guide, China's leaders will never risk any weakening of their authority by liberalizing their politically repressive policies. However, there is merit to the argument that cutting off trading relationships with Chinese entrepreneurs, particularly in the south of China, will undermine the strongest force for political and economic reforms in China, and greatly lengthen the Chinese leadership's hold on power.

The administration argues that by conditioning MFN now, we will trigger a reaction in Beijing that will reverse what little progress we have made toward modifying Beijing's despicable behavior. Frankly, I do not know if that would indeed be the consequence of our action. But I am prepared to act on the side of caution this time, and vote against conditions.

Mr. President, we will soon see whether the policy of engagement with China will produce further progress on all the questions we have discussed today. I, for one, want to see manifestations of Chinese reasonableness immediately.

If by June China's leaders have not made significant progress in respecting the God-given rights of their people; if China has not strictly observed the Missile Technology Control Regime and signed the Nuclear Nonproliferation Treaty; if China has not ceased taking advantage of America's faith in free trade; if progress in just one of these areas is lacking, then I think the time has come for the Congress to take the risk of denying MFN status.

Until June, Mr. President, when we will revisit this issue, I am prepared to accept the administration's counsel for caution. If we are not successful by then, however, I am prepared to take much graver measures to hasten the day when China's admission into the community of free, democratic, and responsible nations is no longer blocked by the paranoia and cynicism of a group of inhumane old men.

Mr. DODD. Mr. President, I rise today to express my strong support for the conference report before us today. And I want to commend the majority leader for his persistent dedication to this important issue. In the face of strong opposition from the administration at every step of the way, he has set before us today a solid piece of legislation that I believe deserves our support.

Mr. President, it has been 7 months since the Senate voted 55 to 44 to condition most-favored-nation status for China. And it has been nearly 3 years since the infamous decision by the Chinese Government to crush the prodemocracy movement, then encamped in Beijing's Tiananmen Square.

Over the past 20 months, there has been little to suggest that the leaders of China are prepared to mend their ways. The rulers of China have demonstrated to us time and time again that they have no interest in adhering to international standards of justice, fairness, and decency.

In fact, most of the evidence is to the contrary. Despite continued strides in economic liberalization and free market ideology, when it comes to the subject of political rights the leaders of China have withdrawn behind a great wall of oppression. In the process, they have cut off their nation, and their people, from the light of the free world.

The message, Mr. President, from those who rule the most populous nation on this planet, has been unequivocal: We are certainly willing to engage the West and to get our hands on all the material benefits we can, but we are really not interested in playing by anybody's rules except our own.

The Chinese approach to internationally accepted human rights standards makes the message very clear. Chinese violations continue to include torture, prolonged detention, forced labor, abduction, and summary executions.

On another front, consider the Chinese approach to trade relations. Until signing an agreement on intellectual property rights last month, the Chinese for years thumbed their nose at the concept of fair access to the Chinese market and denied protection of United States patents and copyrights. These and other unfair trade practices have contributed to a United States-China trade deficit estimated at nearly $13 billion per year.

Finally, Mr. President, there is the issue of missile proliferation. Over the years, the Chinese have become the nuclear Kmart for the Third World, selling missile and weapons capabilities to just about anybody.

Unfortunately, Mr. President, despite the clear signal being sent to us from Beijing, the Bush administration still does not seem to have gotten the message. The Bush administration continues to believe that the Chinese will abide by our concerns and the concerns of the international community, if only we will be their friends.

Translated loosely, Mr. President, that means one thing: The Chinese are taking advantage of us, and the administration is letting them get away with it.

The events of the past few months provide one example. On November 17, after a visit to China, Secretary Baker reported that the Chinese had agreed to abide by the guidelines of the Missile Technology Control Regime. Just 2 months later, we found out that the Chinese have contracts to sell missile- and nuclear-related technology to Iran, Syria, and Pakistan.

The response of the administration to this incident frankly baffles me, Mr. President. Last Friday, the administration lifted sanctions—lifted them, Mr. President—against two Chinese companies involved in earlier arms sales to Pakistan.

In my view, Mr. President, the administration's policy on China is going in reverse. And that is why Congress, which is charged by the Constitution with the responsibility to regulate commerce, has a responsibility to act today.

The conference report before us today is not the same as the bill we passed last summer. At the insistence of the administration, it has been made less restrictive and more flexible. But its basic principle remains unchanged: If the Chinese want another year under most-favored-nation status, they have to earn it.

They have to show significant progress on meeting international standards on human rights, including those pertaining to prison labor, restrictions on the press, and religious freedom. They have to demonstrate that their commitment to the protection of intellectual property rights has been fulfilled. And they must take steps to control their missile proliferation with the Third World.

Mr. President, on January 31, Chinese Premier Li Peng met with President Bush at the United Nations summit last month. During that meeting—a meeting, I might add, that I and a number of other Members of this body opposed—Mr. Li made one thing very clear. He said he viewed any outside effort to improve human rights in China as an interference in China's sovereignty.

Well, Mr. President, if that is the standard to be used, then frankly I think Congress should step up and plead guilty. If China's sovereignty means exploiting their workers and using that labor to unfairly compete against United States products, we will gladly interfere. If China's sovereignty means the persecution of religious groups and the press, we have a right to interfere.

When China's sovereignty means arming the Third World with nuclear weapons and missile capability, we have an obligation to interfere.

I hope we will do the right thing and vote in favor of this conference report.

Mr. JEFFORDS. Mr. President, in my deliberations over whether to place conditions on MFN to China, I have weighed carefully the many facets of this decision. There are several points on which I think we all can agree: China must improve its record on human rights and political freedoms; China must stop selling missiles and start cooperating in international efforts to curb weapons proliferation; China must go forward with economic reform, must cease export of goods manufactured by prisoners, and must engage in fair trade. Communism is an anachronism. The question now before us is how the United States can most effectively pursue its objectives and also preserve the interests of United States businesses whose well-being is tied to trade opportunities with China.

In looking at China's behavior since our last debate on MFN, one can only conclude that the record is mixed. If it were otherwise, with either substantial progress or backtracking by China, a vote today would be much easier.

An area of particular concern to me is weapons sales and proliferation. Here, as in other parts of the United States agenda with China, some progress has been made, but not enough. On the one hand, China has broken with its past and given verbal commitments to sign the Nuclear Nonproliferation Treaty [NPT] and adhere to the Missile Technology Control Regime [MTCR]. China also attended the NPT review conference in September 1991 as an observer, and has joined the five-nation Conference on Middle East Arms Control.

On the other hand, China has not yet adhered to either the NPT or the MTCR treaty. Similarly, China's record on arms sales is worrisome. Concern has been raised over PRC sales to Syria, Iran, Pakistan, and Burma. China has sold missiles to Middle Eastern countries which could be used to transport chemical or nuclear material. We must keep a careful eye on China to see whether its word is good on MTCR or whether it continues its past practices with regard to missile sales.

Just as there has been some progress with China on missile proliferation, there has also been progress on trade. Since last summer's consideration of MFN, the administration initiated a Special 301 investigation of China's practices on intellectual property rights, a 301 investigation into the denial of access for United States exports to Chinese markets, and steps to stop textile transshipments.

In January, the United States signed an agreement with China on protection of intellectual property rights. This is significant because China until now has sanctioned piracy of United States intellectual property, particularly of pharmaceuticals and computer software. As for market access, much work remains to be done. Despite progress reducing tariffs and import licensing requirements, China remains a highly protectionist trader. As we fight for greater access to China's market, we must also ensure that China's export practices are aboveboard. In that regard, the U.S. Customs Service must continue its vigilance in blocking illegal transshipments of textiles. China cannot get away with this attempt to circumvent its textile quota.

In the last year, the administration has used the instruments available to it to improve the trade situation with China. Nothing, however, would help United States business more than major change in China. United States business opportunities will grow when China resumes economic reform and takes steps such as laws protecting private property. Those who support conditioned MFN argue that that will strengthen the reformers and speed economic development. Those who oppose placing conditions on MFN argue the contrary. All agree that the private sector is a primary engine for reform in China. Once again, we come down to having identical goals but different views on how best to accomplish these goals.

As we debate how best to influence China, we must consider the current political situation there. Nothing is more disturbing to me than China's continuing human rights violations, refusal to release Tiananmen Square prisoners and denial of political freedoms to its people. Pressure from outside China has had, at best, minimal effect on China's leaders. China is still ruled largely by its original, now aged, Communists. A succession is imminent. Economic prosperity can undermine the control of hardliners and bring pressure to bear for political change; however, it also can have the opposite effect by mitigating dissatisfaction with the regime. The lesson hardliners have taken from the Soviet Union is that prosperity is the best way to hold onto power, and granting political freedom the surest way to lose it. This is the backdrop for the party congress scheduled later this year, which could be pivotal in the battle between reformers and Communists for succession.

The question turns again to what effect our vote on MFN has on China's internal political, human rights and economic situation. The frank answer is that the effect is minimal.

We know that we don't like what we see in China. Yet, we know that there has been some progress in the last year, particularly on proliferation and trade issues. After much deliberation, I have decided to vote with the President. China has long been recalcitrant and difficult to influence. Nonetheless, the administration has made inroads in areas of key importance to the United States. This progress—though far from satisfactory in scope, is significant when compared to China's past behavior. I believe that the best way to influ-

ence China is to stay the course. But let there be no misunderstanding: America and the Congress will not wait forever for change. If China reneges on its promises with regard to trade or proliferation, or fails to make any progress on human rights in the next year, I would have a very tough time voting for unconditioned MFN in the future.

Mr. WOFFORD. Mr. President, last summer, when this body first debated the question of renewing most-favored-nation status for China, I was amazed by the administration's vehement opposition to attaching any conditions whatsoever to such renewal. China, after all, routinely engages in abusive trade practices, irresponsibly exports nuclear and other weapons technologies to unreliable countries in the Middle East and elsewhere, and systematically represses proponents of democracy, free speech, and human rights.

Nothing has happened in the intervening months to change my view or to strengthen the arguments of those who wish to see an unconditional renewal of China's most-favored-nation status. In fact, quite the opposite has occurred. The collapse of the Soviet Union in August rendered the China card, the notion that we need to support China as a balance to the Soviet Union, obsolete. Our economy has worsened and unemployment increased, showing more clearly the effects of disadvantageous trade relations on America's workers. New evidence of Chinese weapons proliferation has surfaced. And the Chinese Government has not let up on its relentless human rights violations both within China itself and in Tibet. Only today, the Chinese Government sentenced another seven participants in the Tiananmen Square prodemocracy demonstrations to lengthy prison terms.

What has been the administration's reaction to these changes? To lift more sanctions against China and renew its fight against attaching conditions to MFN. By habit or inertia, President Bush has failed to respond to the new international situation brought on by the collapse of the Soviet Union and to the economic realities facing the United States. In doing so, he puts American jobs and American principles at risk.

President Bush has stated that most-favored-nation status gives the Chinese Government the incentive to take into account United States interests. I have seen no evidence of that kind of openness and accommodation by the Chinese in either trade or human rights policy. And I have seen no evidence that China has kept its promises to review its policies regarding proliferation of nuclear and missile technologies.

Instead of seeing progress toward fair trade, we have watched as China's trade surplus with the United States hit $12.7 billion last year, up from $10 billion in 1990. China continues to evade textile quotas, with devastating effect on America's textile and garment workers, and floods our markets with prison-made goods while refusing to allow American companies access to their markets.

Instead of hearing of improved conditions in China, I have read reports by the United Nations Human Rights Commission, Amnesty International, Asia Watch and even the State Department's own country reports that document with heartbreaking clarity the terrible human rights abuses perpetrated by the Chinese government on its own citizens and on those of Tibet. In January of this year, a staff delegation travelled to India and interviewed Tibetan refugees recently arrived from their country. They told of inhumane prison conditions, torture and forced labor; of religious persecution and denial of education and employment opportunities to those who do not embrace the policies of their Chinese occupiers; of stringent restrictions on travel and free speech; and of coercive sterilizations and abortions through which, along with massive population transfers, the Chinese seek to make Tibetans a minority in their own country.

The conditions imposed by H.R. 2212 are not as strong as I would like. They are, however, the very least that we should do. To grant nondiscriminatory trade status to a nation so indiscriminate in flouting international norms of fair trade, human rights and arms proliferation is simply bad policy. By attaching conditions we will show the Chinese Government that we are serious about reform. We are serious about defending American competitiveness and American jobs. We are serious about promoting democracy and human rights throughout the world, including China and its client states such as Burma and North Korea. We are serious about curbing nuclear and weapons proliferation.

China has enjoyed unconditional most-favored status for long enough. Despite the administration's assertions to the contrary, we have learned from experience that coddling China's leaders has not, and will not, compel them to change their ways. And while we have no guarantee that these conditions will cause a shift in their domestic and international policies, at the very least we will have demonstrated that the American Congress and the American people are committed to promoting fair trade and human rights, and to curbing nuclear and weapons proliferation.

Mr. RIEGLE. Mr. President, I join with Majority Leader MITCHELL and Chairman BENTSEN in supporting the conference report on the United States-China Act of 1991. I hope this important legislation will be passed by the Senate by a margin that sends a message to the Chinese—and to the President of the United States that the United States Congress is serious about this important trading relationship and concerned about the direction it has taken over the last 2 years.

The United States-China relationship has been plagued with unfair trade practices and unacceptable human rights and arms control disagreements and violations. Some of these problem areas have been identified and negotiated by the U.S. Trade Representative and other U.S. Government agencies. However, numerous issues still need to be resolved.

I believe that efforts mandated under this legislation will help restore a sense of fairness to the United States-China relationship. Setting forth responsible and sensible conditions will promote and encourage proper international behavior by the Chinese Government. Without the conditions included in this legislation, the Chinese Government has no incentive to improve its policies, or its treatment of United States companies and products.

Given the overall trade and economic problems our country is facing, we cannot afford to continue the status quo U.S. policy of rewarding our trading partners who maintain unfair barriers to U.S. products. We've made this tragic mistake with Japan, which has cost thousands of American jobs and $460 billion in valuable United States capital.

Some of the same warning signs that we witnessed with Japan are present on the China horizon. Our trade deficit with China is increasing dramatically. The 1990 U.S. trade deficit of $10.4 billion represented a 67-percent increase from the previous year. We are also seeing inadequate intellectual property rights protection, and persistent nontariff and tariff administrative controls in the Chinese market.

I look forward to reports by the administration beyond initial efforts by the USTR in negotiating an agreement to eliminate copying in the Chinese market of United States products. Here again, I hope that we do not proceed down the road of status quo according to U.S. trade policy history.

We need to aggressively monitor the success of such an accord. Anything less than full implementation and enforcement by the Chinese Government of international standards and conventions on patents, copyrights, and trade-secret protections is unacceptable.

Virtually unlimited and equitable access to U.S. markets, especially under the most-favored-nation [MFN] regime, is a privilege, not a right of any of our trading partners. It comes with reciprocal responsibilities for our trading partners. Where reciprocity and equity are absent in our trading relationships, it is appropriate that conditions like

those set out in the United States-China Act of 1991 be adopted and enacted.

Mr. WELLSTONE. Mr. President, I rise in support of the conference report on this important legislation to impose conditions on continued most-favored-nation status for China. I supported the majority leader's earlier legislation to require the President to terminate MFN status for China 180 days after enactment unless China had fulfilled various criteria in the areas of human rights, trade, weapons proliferation, and forced labor. Congressional votes on this issue in the Senate last July and in the House last November sent powerful signals to the Government of China on the broad bipartisan consensus on this issue developed during the last year. Today we can send an even more powerful signal by passing this legislation and putting the Chinese Government on notice: the United States will not tolerate persistent, egregious human rights abuses by its trading partners.

I remain deeply troubled by the administration's willingness to overlook China's major violations of internationally recognized standards of human rights and its failure to observe the international nonproliferation regimes. I believe the administration's policy of maintaining cordial relations with the Government of China is unwise, and joined 20 of my Senate colleagues in a recent letter urging the President to reject Chinese Premier Li Peng's request for a meeting in New York 3 weeks ago.

Almost 3 years after the brutal massacre in Tiananmen Square in June 1989, with continued repression against supporters of the democracy movement in China and in occupied Tibet, Congress must finally act decisively to demonstrate that unrelenting repression of basic human rights will not be condoned among our trading partners.

This conference report would prohibit a one-year renewal of MFN status in June of this year unless the President certifies that China has accounted for and released its citizens detained, accused or sentenced due to activities related to the Tiananmen Square massacre. The original Senate version would have also conditioned MFN renewal on several provisions regarding arms control, human rights, trade, the status of Hong Kong, and suspension of China's forced sterilization program. Many of these provisions were weakened at the urging of the administration to require simply that the President certify to the Congress that China is making "overall significant progress" in each area.

The provisions requiring Presidential certification of progress toward, for example, ending religious persecution in China and Tibet, halting intimidation of Chinese students in the United States, allowing human rights groups to monitor trials and prisons, removing unfair trade barriers to United States goods, protecting United States copyrights and intellectual property, adhering to international arms control regimes, and reforming other areas are thus not as strong as I had hoped. The destabilizing effect of the arms sales, including: First, the sale of nuclear-capable M-11 missiles, and their mobile launchers, to Pakistan; second, the sale of technology to Algeria which could be used to develop nuclear-grade materials; and third, China's provision to Iraq of materials used in the production of nerve gas and missile fuel, all fly in the face of China's claims regarding nonproliferation. While I am disappointed we were not able to maintain the tougher sanctions in the House-Senate conference committee, I am hopeful that these changes will provide a veto-proof majority for this legislation. I will support the conference report, and urge my colleagues on the appropriate committees of jurisdiction to continue to monitor closely enforcement of its provisions by the Bush administration, over whose stubborn objections the measure will hopefully be enacted.

I know that for many farmers who could be affected by a slow-down in grain exports to China, especially those from farm States like Minnesota, legislation to suspend MFN status to China remains a two-edged sword. China is a major United States agricultural export market, although its rank fluctuates widely from year to year. For example, in 1986, it ranked 60th; the next year, it ranked 17th. According to the Congressional Research Service [CRS], in 1989 China was the eighth largest foreign market for United States agricultural exports, purchasing more than $1.4 billion worth of products. In 1990, China ranked 11th among United States foreign agricultural markets, importing about 800 million dollars' worth of agricultural products. China has participated in both the Export Enhancement Program and the Targeted Assistance Program in recent years. While it has been eligible to participate in U.S. export credit guarantee programs (GSM-102 and GSM-103), it has not yet done so.

But I believe it is wrong to assume that American farmers oppose automatically conditioning MFN status on human rights and other reforms. Conditioning trade benefits on basic human rights is important to American farmers, in spite of the potential short-term burdens those conditions may impose. I urge my colleagues not to sell farmers short on their support of human rights worldwide.

Agricultural trade with China must remain a serious factor as we seek to develop a coherent trade policy, and as we link United States trade policy to overall foreign and human rights policy. I know the burdens that China could impose upon United States—including Minnesota—wheat farmers by retaliating against our refusal to condone China's appalling record on human rights, labor rights, unfair trade practices and arms exports. The worst-case scenario, which assumes a complete cutoff by China of wheat imports from the United States, would likely entail negative economic consequences for our State. I am hopeful that such a scenario can be avoided.

Let me reiterate my position. I do not favor using food as a weapon, and I do not favor grain embargoes as a general tool of foreign policy. Declining to extend MFN status to China, however, is neither of those. MFN status is a benefit that can and should be revoked if circumstances warrant. China's long-standing abuses warrant such a revocation. I am hopeful that the measures required by this conference report will result in positive movement on the part of China, not unjustified retaliation.

More than a year after the Bush administration renewed MFN status to China claiming that the policy would promote human rights, the State Department's own recently published Country Reports on Human Rights Practices for 1991 observes that "China's human rights practices remained repressive, falling far short of internationally accepted norms." Unwarranted detention, indiscriminate sentencing, and brutal torture of members of China's pro-democracy movement and others continues unabated. In addition, China continues to refuse to participate as a full and responsible party in international efforts to control the proliferation of sophisticated military technology and weapons, including biological, nuclear and chemical technologies. The United States must finally insist upon real changes in these practices before again renewing MFN status to China.

In this exceptional case, where the Government of China has consistently ignored international calls for reform, I believe that we should use legitimate trade-policy tools to prompt significant reforms in human rights, unfair trade practices, and weapons proliferation. I urge my colleagues to underscore the importance of upholding internationally recognized standards on these issues by supporting this conference report. I urge my colleagues to signal to the Chinese leadership that MFN is a benefit they can no longer take for granted. I urge my colleagues to vote not only for this conference report, but to vote to over-ride the President's anticipated veto should it come to the Senate floor.

Retention of preferential trade advantages under MFN status is critically important to the Chinese Government. The United States should insist on real and substantial reforms in these areas before renewing unre-

stricted MFN status. If the U.S. Congress must lead the way on this issue over the objections of President Bush, as it has on so many others, so be it. A foreign policy which fosters peace, democracy, respect for human rights and fair trade must continue to be our goal.

The PRESIDING OFFICER. All time allocated has expired. The question is on agreeing to the conference report on H.R. 2212.

Mr. MITCHELL. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Iowa [Mr. HARKIN] and the Senator from Nebraska [Mr. KERREY] are necessarily absent.

I further announce that, if present and voting, the Senator from Iowa [Mr. HARKIN] and the Senator from Nebraska [Mr. KERREY] would each vote "aye."

The PRESIDING OFFICER (Mr. AKAKA). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 59, nays 39, as follows:

[Rollcall Vote No. 31 Leg.]

YEAS—59

Adams	Glenn	Moynihan
Akaka	Gore	Nunn
Bentsen	Gorton	Pell
Biden	Graham	Pressler
Bingaman	Heflin	Pryor
Boren	Helms	Reid
Bradley	Hollings	Riegle
Breaux	Inouye	Robb
Bryan	Kennedy	Rockefeller
Bumpers	Kerry	Sanford
Byrd	Kohl	Sarbanes
Cranston	Lautenberg	Sasser
Daschle	Leahy	Simon
DeConcini	Levin	Smith
Dixon	Lieberman	Specter
Dodd	Lott	Wallop
Exon	Mack	Wellstone
Ford	Metzenbaum	Wirth
Fowler	Mikulski	Wofford
Garn	Mitchell	

NAYS—39

Baucus	Dole	McConnell
Bond	Domenici	Murkowski
Brown	Durenberger	Nickles
Burdick	Gramm	Packwood
Burns	Grassley	Roth
Chafee	Hatch	Rudman
Coats	Hatfield	Seymour
Cochran	Jeffords	Shelby
Cohen	Johnston	Simpson
Conrad	Kassebaum	Stevens
Craig	Kasten	Symms
D'Amato	Lugar	Thurmond
Danforth	McCain	Warner

NOT VOTING—2

Harkin	Kerrey

So the conference report was agreed to.

Mr. MITCHELL. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. SEYMOUR. Mr. President, earlier in today's session of the Senate, I voted against the conference report on the United States-China Act of 1991 outlining a series of political, military, and economic conditions on the President's ability to continue most-favored-nation [MFN] trading status for the People's Republic of China.

Although the conference report does not impose the uncompromising conditions on the extension of MFN status to China that the original House and Senate bills on this matter contained, it still requires the President to make impossible and impractical certifications on Chinese political and trade practices for which he has already imposed more appropriate penalties. In addition, any condition attached to this unique bilateral benefit, as I stated in a speech to this body last summer, would needlessly jeopardize the growing free market institutions and infant democratic reform movement in China as well as hundreds of thousands of jobs in the United States.

The Senate, therefore, finds itself in the same basic position today as it did when it adopted a more restrictive MFN bill 7 months ago. Indeed, the conference report endorses the same fundamental barriers to continued MFN treatment that the earlier pieces of legislation prescribed: an accounting by Beijing for all political prisoners arrested as a result of the 1989 Tiananmen Square massacre; a formal statement reasserting China's adherence to its treaty with Great Britain on the disposition of Hong Kong; the cessation of a variety of trade practices deemed unfair to the United States; a moratorium on all international missile sales by the Chinese military; and the sanctioning of United States-sponsored radio broadcasts into Tibet.

It is true that the conference report requires the President to determine that the Chinese have "made overall significant progress" in each of these areas by June 3, 1992, rather than certify that the People's Republic of China had achieved full and indisputable compliance with the conditions—as the original bills on this issue demanded. But this formula would make a mockery of otherwise noble policy goals. The Chinese have not made any significant progress in the realm of political liberalization during the more than 10 years that the United States offered MFN status to the People's Republic of China. Yet earlier today, the Senate passed a conference report requiring "significant progress" by the leadership in Beijing toward establishing a pluralistic society within 3 months before China could receive a normal trading relationship with the United States for another year.

As the managers of the conference report know, this type of progress is impossible. But they still persisted with the charade of imposing conditions on China's MFN status at the expense of making the United States appear absurdly weak in its ability to influence the pace of democratic reform by repressive governments while possibly sabotaging the ability of several American export industries to compete in Asian markets. China's Stalinist rulers will not become angels inside of 3 months. In the meantime, the denial of MFN treatment will only harm both the productive and the pluralistic forces in China and deal another unwelcome blow to one of the most competitive segments of the American economy.

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

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

ORDER OF PROCEDURE

Mr. MITCHELL. Mr. President, I ask unanimous consent that the time consumed under the quorum call be charged equally against both sides under the previous order with respect to the forthcoming cloture vote.

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

Mr. MITCHELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRASSLEY. 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. GRASSLEY. Mr. President, I ask unanimous consent for 5 minutes to speak as in morning business. And that the time will keep running.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

RESPONSE TO TELLER PIECE

Mr. GRASSLEY. Mr. President, I rise today to respond to a recent op-ed piece by Teller that appeared in the New York Times regarding a bill that I have cosponsored S. 1521, the Pornography Victims Compensation Act. As you may know, Teller is a showman and a magician. In his op-ed piece, he has again practiced sleight of hand and persuasion through illusion.

The Pornography Victims Compensation Act, which enjoys bipartisan support, is designed to help victims of sex crimes—the majority of whom are women—obtain redress in court from those who produce, sell, or distribute

the material that caused the crime: obscenity and child pornography. It is well established under our constitution that obscenity and child pornography are entitled to no first amendment protection. So, the supporters of the bill will create no death knell for creativity or any other first amendment activity.

A plaintiff who seeks to recover would have a high burden of proof. She would have to show that she was a victim of a forcible sexual crime, that the material was obscenity or child pornography, that the defendant should have reasonably foreseen that the material would create an unreasonable risk of that crime, and that the material was a substantial cause of the crime against the victim.

The purpose of the bill is to punish criminals—commercial producers, distributors, and exhibitors of obscenity and child pornography—whose acts have resulted in rape, to provide compensation to their victims. It is narrowly defined and narrowly confined to those categories of sexually explicit materials that the Supreme Court has held are wholly outside the protection of the first amendment. It has nothing to do with depictions of crime in nonobscene movies. No one who has read the bill could reasonably conclude otherwise.

Obscenity and child pornography are not fiction or bad ideas. They are not created by those gifted with imagination. No one has the freedom to engage in production and distribution of obscenity or child pornography. The only people from whom compensation could be obtained under this bill already face criminal liability for their connection with obscenity or child pornography. Criminal liability for these activities does not violate the first amendment either directly or through a chilling effect on speech. The same is true for this bill's civil cause of action against those whose illegal depictions are criminally imitated.

Similarly, the bill does not reduce the individual responsibility of rapists for their crimes. Rapists would still face the severe criminal penalties that now exist. What it does is end the exemption for liability that everyone else now faces: Responsibility for their own actions that foreseeably lead others to commit rape. For instance, as Teller's show business colleague Connie Francis knows, if a hotel owner creates a situation in which another's commission of a rape is foreseeable, the hotel owner is liable not for the rapist's action, but for his own. Why should hotel owners and operators of legitimate businesses be subjected to this liability but not purveyors of obscenity and child pornography?

Rape has increased in this country in recent years at a rate far greater than the overall crime rate.

In July 1991, the Judiciary Committee heard expert testimony from a district attorney who reported a 25-percent decrease in sexual violence after his office shut down adult bookstores and theaters, while the State as a whole experienced a sharp increase in rape. A California woman told us that as a child she had been repeatedly forced to perform sexual acts portrayed in the obscene magazines her father saw, causing her extreme physical and emotional injury. When combined with scientific studies, it is inappropriate to compare this kind of testimony connecting obscenity with sexual violence to stick pins in voodoo dolls, as the oped piece said.

Mr. President, in closing, I want to say the Pornography Victims Compensation Act presents the opportunity to strengthen the effect of our criminal laws against obscenity and child pornography and to compensate victims of brutal crimes that carry with them long-term, severe effects.

It does so in a narrow fashion that avoids censorship or inhibiting the creation of any materials protected by the first amendment.

Mr. President, I suggest the absence of a quorum and ask that it be equally divided.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

NATIONAL COOPERATIVE RESEARCH ACT EXTENSION—MOTION TO PROCEED

CLOTURE MOTION

Mr. KOHL. Mr. President, I ask to speak in support of S. 479 and that my time be charged to Mr. LEAHY.

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

Mr. KOHL. Mr. President, I rise in strong support of the motion to proceed on S. 479, a simple, effective, and straightforward bill to enhance American competitiveness. And I rise against any misguided attempts by the administration to gut the provision in S. 479 which tells foreign companies doing business in the United States that if you want a break from the American antitrust laws, you have to make a commitment to the American economy.

Let me tell you why.

As we know, during the past decade American firms have come up against unprecedented foreign competition, and the sad truth is that in many key areas we have lost ground.

Of course, the antitrust laws are not the cause of America's competitiveness problems. That has more to do with savings rates, capital investment levels, unfair trading practices, and our preoccupation with short-term financial results over long-term goals.

But foreign antitrust statutes are far more tolerant of cooperative business activities than U.S. laws. Indeed, according to many American businessmen, the mere threat that the antitrust jackhammer will come down on a joint venture sometimes prevents it from forming in the first place.

The measure we are considering today is modest but helpful response to these problems. In short, it would ensure our ability to compete more effectively in the global marketplace while remaining true to the principles embodied in our antitrust laws. Senators LEAHY and THURMOND deserve special praise for being among the first to call for such legislation.

Nevertheless, Mr. President, our job is not only to encourage American competitiveness, but also to enhance American industry and create American jobs. That is why Chairman BIDEN and I added an amendment in committee to require that—in order to benefit from the way that this measure relaxes the antitrust laws—the principal facilities for the joint venture must be in the United States and the parties involved must make a substantial commitment to the American economy. In other words, we would not limit who sits at the table; we would simply require that the table itself be set in the United States.

Mr. President, I was hoping the administration would understand that we should use our antitrust laws as both a sword and as a shield against unfair competition from abroad. After all, just last weekend Attorney General Barr said he wants to change the Justice Department's antitrust policy so it could go after Japanese cartels that restrict American exports. His proposal makes good sense, and I applaud the Attorney General for this initiative.

But though one part of the administration may see the light, the other part apparently remains in darkness. First, the Vice President's office said it would fight the Attorney General "to the end" on his "get tough" policy with Japan. And now others in the administration have suggested that the Biden-Kohl amendment would "send the wrong signal" to our trading partners.

In fact, nothing could be further from the truth: we would "send the wrong signals" to our trading partners if we failed to use our antitrust laws as a lever to open foreign markets and to protect our workers at home.

Mr. President, if this bill is left intact, I have no doubt that it will make a valuable contribution to our economy and to our prosperity. That is why I hope my colleagues will support this motion to proceed and oppose any weakening amendments.

Mr. GRASSLEY. Mr. President, I am please to be a cosponsor of S. 479, the

National Cooperative Research Act extension. This bill promotes research and development, and it represents a real effort to give American businesses some encouragement in their quest to sustain a technological edge in the marketplace.

In 1984 we enacted this law to allow companies to work together to jointly research and develop new technology. The firms have been required to notify the Department of Justice and the Federal Trade Commission of their cooperative efforts. The notification acts as a shield from treble damage antitrust liability.

The Department of Justice has found this law to be very successful. Some 230 notices of joint ventures have been filed with the Department. Fears what this law would foster anticompetitive activities have not been realized.

This bill takes the next step, by allowing for certain joint productions. After all, research and development are important building blocks, but making a product is the best way to ensure our place in the world's markets, as well as jobs for American workers.

The bill would apply the same standards to joint productions, as have been applied to joint research and development projects. It clarifies the applicability of the rule of reason standard, and it provides for the registration of joint production ventures with the Department of Justice and the FTC. The registration will protect the joint ventures from treble damage liability under the antitrust laws.

Such protection is necessary in order to give American research and development efforts a level playing field in a world where no other country has antitrust enforcement as stringent as ours. While American companies accused of illegal collusion are often exposed to millions of dollars in damages, the maximum fine under the Japanese antimonopoly law is $40,000. I plan to introduce legislation soon to help promote antitrust enforcement in other countries. In the meantime, I think it is appropriate to eliminate the threat of treble damages for joint production efforts that are crucial to our national competitiveness.

The President has supported the concept this bill embraces—encouraging companies to pool their resources to advance technology and America's competitive edge. But some have tried to use this as a vehicle for protectionism. Those efforts would undermine the good purposes of this bill.

We've worked out a compromise with this bill—a delicate balance. This bill should not upset trade relations, nor should it interfere with international obligations.

I urge the adoption of this bill—to advance our competitive edge; to promote jobs; and to improve technology and our quality of life.

I thank the Chair.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Wisconsin [Mr. KOHL], suggests the absence of a quorum. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. METZENBAUM. 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. METZENBAUM. Mr. President, I am not certain who is managing the bill in the opposition; but regardless of that, I yield myself such time as I may need to speak in opposition to this legislation.

Mr. President, I rise in opposition to the National Cooperative Research Act Extension of 1991. I am a realist, and there is a strong body of support for this bill, but it should not be. As a matter of fact, I do not believe there is any organized opposition to this bill, but that does not make it right.

This is not a new subject for me. This is an extension of the national Cooperative Research Act Extension of 1984, which this bill seeks to amend. I was very much involved with the passage of that bill. I spent many hours negotiating the language of that bill, which is now law, and which makes it possible for research endeavors to be joined on a cooperative basis.

The 1984 Act actually provides lenient antitrust treatment for research and development joint ventures. I believe that is warranted in order to encourage research and development.

At the time I sponsored the original bill, however, I made clear in my reservation that the extension of the protection of the Act beyond research and development would require great scrutiny. There is a difference between joint research efforts and joint production efforts. In one instance, you are talking about a small group of people involved in trying to put their mental capacity together. You talk about joint production efforts. It is a far more extensive kind of combination.

The bill that we are considering today extends protection to the next step in the process of bringing a product to market; that is, the production effort. I oppose the bill because I think it is a bad idea to offer lenient antitrust treatment for production joint ventures.

Ironically, the administration, which has long supported the weakening of our antitrust laws, now has problems with this legislation.

It is my understanding that, as we meet here at this very moment, the administration and those involved in handling the bill are attempting to work out their differences. But whether they do or they do not, this is still a bad piece of legislation.

The administration objects to the provisions which favor Americans businesses over foreigners. That is probably the only good part about the bill. These provisions, added by Senators BIDEN and KOHL, would limit the application of the bill to production joint ventures with principal facilities located in the United States, and in which each party to the joint venture makes a substantial commitment to the U.S. economy.

How that language comes out after the negotiations are concluded I have no way of determining because, as I already indicated, it is my understanding they are in negotiations at this very moment.

I opposed this bill long before those provisions were added, and regardless of what those negotiations produce, I still oppose the bill. I oppose the bill because it is: First, unnecessary; second, it will not improve America's competitiveness, and third, it will undermine the laws that promote and protect competition.

Current law does not chill potential joint ventures. There are numerous examples to which we can point to very large joint ventures being proposed and moving forward successfully. Look at the Toyota-GM joint venture, or the IMB-Apple joint venture. These are some of the biggest companies in their respective markets.

Clearly, joint ventures have not been chilled by the antitrust laws. Furthermore, the fact is that Government or private suits against joint ventures are extremely rare.

The bill has been sold as critical to our international competitiveness. Supposedly, the U.S. antitrust laws are preventing U.S. businesses from forming joint ventures necessary to successfully compete in world markets. I do not buy those arguments. I think they are invalid. I do not believe they comport to the facts.

Weakening the antitrust laws will not improve American productivity or make America more competitive. Strong antitrust laws promote strong competition. The antitrust laws are not to blame for our failures in world markets. Anyone who would argue that we have been too aggressive against antitrust violators during the last decade must have been under a rock during the Reagan administration. Could it not be precisely because we were too lax in our enforcement of our antitrust laws during the Reagan administration that we now find ourselves at a competitive disadvantage?

Prof. Michael Porter—who teaches at Harvard Business School; a world-renowned consultant for leading companies all over the world; on the front cover of Fortune magazine as one of the leading business consultants in America; a person who served in the President's Commission on Industrial Competitiveness—presented excellent testimony to my subcommittee on this bill. He testified that competition, not

cooperation, produces strong combatants in world markets.

We will have no success in other markets if we are not successful at home in pushing our companies to be more competitive, not less; to be more innovative, not less; to be more aggressive, not less.

I hope no one in this body thinks that detrebling damages for antitrust violations is a model for how we should treat our antitrust laws. I think it sends a terrible signal to American business that the Congress will weaken the antitrust laws when pushed to do so under the guise of international competitiveness.

It also sends a terrible signal to the rest of the world. From the European Community to Canada, to Eastern Europe to South America, I see countries looking to the American model of strong antitrust laws as they try to build new, vibrant economic systems.

In fact, enforcement authorities in the European Community have been far more aggressive than our own in pursing antitrust violators. A fine of $55 million was recently levied against a European cartel. That fine is five times larger than any fine ever assessed in the United States.

What kind of message does it send that we now want to weaken our antitrust laws? Clearly, this bill is going in the wrong direction.

In spite of my opposition to this bill, I would like to thank the sponsors for working with me to limit how broadly the bill will be applied. I appreciate the sponsors accepting two amendments I offered during committee consideration, and the other one I have worked with them on—now that the bill has come to the floor.

Although these amendments improve the bill, I do not believe they fix the fundamental, underlying concern that I have that this bill is unnecessary and will hurt American competitiveness.

I continue to oppose the bill. I will vote against it, as I did in the committee. I have no particularly strong views with respect to the matter of cloture when we go to vote on the bill. I do not expect there will be many votes against it. I hope that there will be a majority.

But I do not expect that to be the fact, because there has been a very, very organized lobby of business organizations and corporations lobbying for passage of this bill.

To the best of my knowledge, I know of no organized opposition. That does not make it right. That just means that some people have good lobbyists and some people perhaps are indifferent to what is going on on the floor of the U.S. Senate, and maybe are not in a position to hire those lobbyists, if they were so inclined. Suffice it to say, this is a bad bill. I wish it would be defeated. I am not certain that it will be, Mr. President.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. LEAHY. Mr. President, we should know that S. 479 is a jobs bill. Let us not have any question about that. It will take the shackles off companies that have been unable to go all out in an increasingly cutthroat battle against foreign competition.

Those of us who are supporting this as a bipartisan group are trying to bring S. 479 to the floor. It is going to give a green light to companies to enter into joint production ventures without having to risk unnecessary antitrust prosecution. Similar legislation was enacted in 1984. We limited it to research and development. This extends it to joint production.

It is a bill that was needed when Senator THURMOND and I first introduced it in 1989. It is needed even more today, with an economy on the ropes and jobs disappearing every day. Some say the end of the recession is just around the corner, but we have been hearing that for over a year. It is not. We are facing some very, very difficult problems. American firms are coming under increased pressure from past technological innovation and development abroad. We have to level the playing field.

All we are saying is if we have to compete against the Pacific Rim, if we have to compete against Japan, and if we have to compete against Europe we ought to be allowed to do the same thing that they do. We ought to be able to do joint production, the same way we do joint research and development.

For the life of me, I understand there are a couple people holding this up on the request of the administration. I would think, facing the worst recession I believe in my lifetime, the administration would want a jobs bill to go forward. And for them to hold it up and say, "well, we want to study it," for God's sake, how long do we have to study the fact that we are in a recession? How long do we have to study the fact that we need jobs?

They have had the language of section 7 of this bill to consider and debate since before the Judiciary Committee marked the bill up last July. They did not even start to talk about it until last week. No wonder we are in a recession. Everybody thinks that it is somebody else's job. That is easy for people to say who get a paycheck every week. It is not easy for the people to say who are out of work in my State, or in Pennsylvania, or any other State.

So I wish we could have avoided this cloture vote with a time agreement.

The 1984 Antitrust Research and Development Act recognized the major financial commitment involved in high-tech innovation. That act encouraged American firms to share the cost and risk of R&D projects by clarifying antitrust laws regarding combined research ventures. That act has been a success. Companies have filed over 230 notifications for joint research and development ventures involving everything from chipmaking and steelmaking processes to superconductors. Many argue that the 1984 act was critical to the formation of Sematech, the industry-government research consortium whose mission is to restore U.S. world leadership in semiconductor manufacturing technology.

The 1984 act, however, is not enough. It does not address the issue of joint manufacturing ventures and it is precisely in manufacturing that the United States faces its gravest competitive challenges.

Indeed, when it comes to basic research and science, the United States continues to lead the world. We are the great innovators, making scientific breakthroughs and inventing new products in our universities and laboratories. But when it comes to commercializing our innovations we are continually out maneuvered by well-planned, well-financed, foreign competition. We may invent products like VCR's, memory chips, industrial robots, and liquid crystal displays, but the Japanese and others do the manufacturing, taking the jobs and the profits. No matter how much our service sector grows, we have to recognize that manufacturing has been and will continue to be the necessary anchor for healthy economic growth.

Will our joint production bill help? Yes. The new technologies that create jobs and income often require enormous investment. The cost for a state-of-the-art semiconductor manufacturing facility is now half a billion dollars. While Japanese firms that are part of powerful keiretsu organized around giant banks may have access to that kind of capital, most United States firms do not. Moreover, among our competitors in places like Japan, Europe, and Korea, governments do not hesitate to encourage cooperative efforts in cutting-edge technologies such as semiconductors, superconductivity, x-ray lithography, or artificial intelligence.

What this legislation would do is eliminate the antitrust uncertainty that now surrounds joint production ventures. Companies would know that only unreasonable, anticompetitive ventures could be challenged and that only actual damages could be assessed. And they would understand that the Federal Government stands four-square behind the proposition that coopera-

tive ventures have a vital role to play in our economic future.

Mr. President, the White House has challenged Congress to act quickly on a plan for economic recovery. This bill will help restore our high-tech competitive position—and bring manufacturing jobs back to America. Let us make it the first shot across the bow for economic recovery.

The legislation has broad bipartisan support. It was reported out of the Judiciary Committee last July by a vote of 13 to 1. I urge my colleagues to vote for cloture so we can debate and pass this important legislation.

The PRESIDING OFFICER. The Senator from Vermont is advised that the time under the agreement has expired.

Mr. LEAHY. Let us go to the cloture vote.

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order, the clerk will report the motion to invoke cloture.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate on the motion to proceed to the consideration of S. 479, a bill to encourage innovation and productivity, stimulate trade, and promote the competitiveness and technological leadership of the United States:

Patrick Leahy, Max Baucus, Joe Biden, Kent Conrad, George Mitchell, Wendell Ford, Brock Adams, Dale Bumpers, Don Riegle, Terry Sanford, Timothy E. Wirth, Richard Bryan, J.J. Exon, Barbara A. Mikulski, Claiborne Pell, John Glenn, Fritz Hollings, Strom Thurmond, Herb Kohl.

CALL OF THE ROLL

The PRESIDING OFFICER. Under the previous order, the call of the roll is waived.

VOTE

The PRESIDING OFFICER. By unanimous consent, the question is, Is it the sense of the Senate that debate on the motion to proceed to S. 479, the National Cooperative Research Act Extension of 1991 shall be brought to a close? The yeas and nays are required. The clerk will call the roll.

The bill clerk called the roll.

Mr. FORD. I announce that the Senator from Iowa [Mr. HARKIN] and the Senator from Nebraska [Mr. KERREY], are necessarily absent.

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

The yeas and nays resulted—yeas 98, nays 0, as follows:

[Rollcall Vote No. 32 Leg.]

YEAS—98

Adams	Ford	Mitchell
Akaka	Fowler	Moynihan
Baucus	Garn	Murkowski
Bentsen	Glenn	Nickles
Biden	Gore	Nunn
Bingaman	Gorton	Packwood
Bond	Graham	Pell
Boren	Gramm	Pressler
Bradley	Grassley	Pryor
Breaux	Hatch	Reid
Brown	Hatfield	Riegle
Bryan	Heflin	Robb
Bumpers	Helms	Rockefeller
Burdick	Hollings	Roth
Burns	Inouye	Rudman
Byrd	Jeffords	Sanford
Chafee	Johnston	Sarbanes
Coats	Kassebaum	Sasser
Cochran	Kasten	Seymour
Cohen	Kennedy	Shelby
Conrad	Kerry	Simon
Craig	Kohl	Simpson
Cranston	Lautenberg	Smith
D'Amato	Leahy	Specter
Danforth	Levin	Stevens
Daschle	Lieberman	Symms
DeConcini	Lott	Thurmond
Dixon	Lugar	Wallop
Dodd	Mack	Warner
Dole	McCain	Wellstone
Domenici	McConnell	Wirth
Durenberger	Metzenbaum	Wofford
Exon	Mikulski	

NAYS—0

NOT VOTING—2

Harkin Kerrey

The PRESIDING OFFICER. On this vote, the yeas are 98; the nays are zero. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 219, S. 479, the National Cooperative Research Act Extension of 1991, at 1 p.m. tomorrow, Wednesday, February 26.

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

Mr. LEAHY. Mr. President, I wish to thank the distinguished majority leader for his help in bringing this up. As one of the chief cosponsors, it is something that I have been working to get considered for a long time. I realize there is still a way to go. But I would point out there is very strong support, strong bipartisan support.

Senator THURMOND is the other chief cosponsor. We have Republicans and Democrats across the political spectrum on this bill. It is designed to get people back to work. It is designed to allow the United States to be competitive as we go into the next century, to do the kind of things that our main competitors, Europe, the Pacific Basin, and Japan, are doing. I also wish to thank Senators BIDEN and BROWN, who are two of the main sponsors of S. 479.

So I hope all Senators will help get this bill passed quickly without extraneous material.

Again, I wish to thank the distinguished majority leader for bringing up this cloture matter and allowing us to go forward.

Mr. MITCHELL. Mr. President, I thank my colleague, and I look forward to prompt consideration of the measure tomorrow.

I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

MORNING BUSINESS

COMMENDING CALIFORNIA'S OLYMPIANS

Mr. SEYMOUR. Mr. President, as the world's finest athletes return home from Albertville, France, I rise today to salute seven Californians whose performances in these Olympic games have filled us all with a great deal of pride.

These 1992 winter Olympic games were indeed an historic event. For the first time in four decades, the games were truly a worldwide festival of sport rather than a political struggle between antagonistic ideologies. We witnessed the awesome athletic power of one unified team from Germany and reveled in the new found freedom of the athletes from the former Soviet bloc. We cannot help but give pause to consider the uncertain future of the members of the unified team from the former Soviet Union, but we all hope it is as fruitful and promising as their individual achievements were in Albertville.

The performances given by our team certainly provided the entire nation with many moments of exhilaration and poignancy. Perhaps the finest aspect of athletic competition of this magnitude is that we are able to share in the lives of these athletes as they experience their moment of supreme accomplishment. The overall level of achievement by the American athletes was truly exemplary. The total number of medals won by American athletes almost doubled the output at the 1988 winter games at Calgary, and nearly eclipsed the all-time record of 12 medals won by Americans in 1932 and 1980, both in Lake Placid, NY.

Among this group of outstanding young Americans, I would like to single out the performances of seven Californians who repeatedly represented themselves, their families, and their country in a distinguished and dignified manner. In each of their events, they thrilled us all, demonstrating a vast array of skills ranging from the grace and beauty of figure skating to the raw speed and power of the luge.

Most people expect Californians to excel at surfboards and sunbathing.

However Bill Taveres and Bonny Warner demonstrated the diversity of talent that comes from California in what may be an un-California event: the luge. Though the luge is an event unfamiliar to most Americans, all who witnessed these courageous individuals careening down an icy tract on a sled at speeds approaching 60 miles per hour cannot help but stand in awe of them. In recent years, American lugers have made great strides in improving their standing in world competitions, and, with individuals like Bonny and Bill serving as the backbone of our team, continued future success is undoubtedly on the horizon.

Natasha Kuchiki, Todd Sand, and Scott Wedland are competitors in arguably the most graceful and beautiful event in the games, pairs figure skating. These three skaters, with their respective partners, showed an extraordinary amount of teamwork and dexterity in performing their intricate routines.

Christopher Bowman demonstrates that skating is also athleticism and star-quality showmanship. In finishing a strong fourth, Christopher certainly lived up to his nickname "Bowman the Showman." In true Hollywood fashion, he rallied back from his original program to bring the capacity crowd to its feet by performing easily one of the strongest freeskates of the competition.

And finally, it is with great pride that I pay tribute to Californian Kristi Yamaguchi. Her gold medal performance in the marquee event of the entire Olympic competition was a triumph of American achievement in Albertville. In winning the gold, Kristi has returned the United States to its position of prominence in the wondrous sport of women's figure skating. She has captured the crown jewel of figure skating, and certainly the hearts of all Americans.

With the next winter games in Lillehammer, Norway only 2 years away, many of these same athletes will again have the opportunity to represent the United States in Olympic competition. Judging by the strength of these performances, as well as the overall depth of athletes training in our USOC facilities, America will once again present a formidable team in Lilihammer in 1994. We look forward to living and witnessing the Olympic spirit of competition and the drive to excellence that brings the world together in peace and friendship.

UNANIMOUS CONSENT AGREEMENT

JOINT REFERRAL OF THE NOMINATION OF A MILITARY OFFICER TO BE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

Mr. MITCHELL. Mr. President, as if in executive session, I ask unanimous consent that during the 102d Congress, any nomination of a military officer to be the Deputy Director of Central Intelligence that includes a nomination that the officer, while so serving, shall have the rank of lieutenant general, vice admiral, general, or admiral, as the case may be, shall be referred jointly to the Committee on Armed Service and the Senate Select Committee on Intelligence; and that when the Senate considers this matter, separate votes occur on the nomination to be Deputy Director of Central Intelligence and the nomination to have a particular military rank while serving in the position of Deputy Director of Central Intelligence.

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

Mr. MITCHELL. Mr. President, it is my understanding that the President soon may nominate a military officer to serve as the Deputy Director of Central Intelligence, and that the officer also will be nominated to have a 3- or 4-star rank while so serving. Such a nomination would involve the jurisdictional interests of both the Armed Services Committee and the Senate Select Committee on Intelligence. These committees have agreed that any such nomination should be treated in the same manner as the nomination of Adm. Bobby Inman to be the Deputy Director in 1981. At that time, the nomination was referred jointly to the Committee on Armed Services and the Senate Select Committee on Intelligence. After both committees reported the nomination, the Senate voted separately on the nomination of Admiral Inman to have the military rank of admiral while serving as the Deputy Director of Central Intelligence, and on the nomination of Admiral Inman to serve as the Deputy Director of Central Intelligence.

MESSAGES FROM THE PRESIDENT RECEIVED DURING RECESS

Under the authority of the order of January 3, 1991, the Secretary of the Senate, on February 21, 1992, during the recess of the Senate, received a message from the President of the United States transmitting a nomination.

(The nomination received on February 21, 1992, is printed in today's RECORD at the end of the Senate proceedings.)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. McCathran, 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.)

ANNUAL REPORT ON ALASKA'S MINERAL RESOURCES—MESSAGE FROM THE PRESIDENT—PM 110

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Energy and Natural Resources:

To the Congress of the United States:

I transmit herewith the 1991 Annual Report on Alaska's Mineral Resources, pursuant to section 1011 of the Alaska National Interest Lands Conservation Act (Public Law 96-487; 16 U.S.C. 3151). This report, containing pertinent public information relating to minerals in Alaska, was gathered by the U.S. Geological Survey, the Bureau of Mines, and other Federal agencies. This report is significant because of the importance of the mineral and energy resources of Alaska to the future well-being of the Nation.

GEORGE BUSH.

THE WHITE HOUSE, *February 25, 1992.*

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 4:10 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 355. An act to provide emergency drought relief to the Reclamation States, and for other purposes;

H.R. 476. An act to designate certain rivers in the State of Michigan as components of the National Wild and Scenic Rivers System, and for other purposes;

H.R. 543. An act to establish the Manzanar National Historic Site in the State of California, and for other purposes; and

H.R. 3866. An act to provide for the designation of the Flower Garden Banks National Marine Sanctuary.

The enrolled bills were subsequently signed by President pro tempore [Mr. BYRD].

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2659. A communication from the Comptroller General of the United States, transmitting, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, a report entitled "Budget Issues: Compliance Report required by the Budget En-

forcement Act of 1990"; referred jointly to the Committee on Appropriations, and to the Committee on the Budget.

EC-2660. A communication from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend title 37 and title 10, United States Code, to prohibit transporters from asserting liens on personal property of members of the armed forces while it is being transported at Government expense; to the Committee on Armed Services.

EC-2661. A communication from the Assistant Secretary of Defense (Force Management and Personnel), transmitting, pursuant to law, a report regarding the Department's Fiscal Year 1993 manpower request; to the Committee on Armed Services.

EC-2662. A communication from the Secretary of Energy, transmitting, pursuant to law, an annual report concerning the activities of Department of Energy with regard to recommendations received from the Defense Nuclear Facilities Safety Board for calendar year 1991; to the Committee on Armed Services.

EC-2663. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, a Presidential Determination No. 92-11 relating to Export-Import Bank authority to operate in Estonia, Latvia, and Lithuania; to the Committee on Banking, Housing and Urban Affairs.

EC-2664. A communication from the Secretary of the Department of Housing and Urban Development, transmitting, pursuant to law, a report listing and describing the various research activities, studies, testing and demonstration programs relating to the mission of the Department that were completed during Fiscal Year 1991 or underway at the end of the fiscal year; to the Committee on Banking, Housing and Urban Affairs.

EC-2665. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report on direct spending or receipts legislation; to the Committee on the Budget.

EC-2666. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report on direct spending or receipts legislation; to the Committee on the Budget.

EC-2667. A communication from the Chairman of the Consumer Product Safety Commission, transmitting, pursuant to law, a report on information regarding the new Section 37 of the Consumer Product Safety Act; to the Committee on Commerce, Science and Transportation.

EC-2668. A communication from the Administrator, Energy Information Administration, Department of Energy, transmitting, pursuant to law, a report entitled "Annual Energy Outlook 1992"; to the Committee on Energy and Natural Resources.

EC-2669. A communication from the Chairman of the Nuclear Regulatory Commission, transmitting a draft of proposed legislation to authorize appropriations for the Nuclear Regulatory Commission for fiscal year 1993 and for other purposes; to the Committee on Environment and Public Works.

EC-2670. A communication from the Chairman of the Cultural Property Advisory Committee, United States Information Agency, transmitting, pursuant to law, a report recommending that the United States extend the emergency import ban on pre-Hispanic artifacts of El Salvador's Cara Sucia Archaeological Region for an additional three years; to the Committee on Finance.

EC-2671. A communication from the United States Trade Representative, Executive Office of the President, transmitting, a draft of proposed legislation to authorize appropriations for fiscal years 1993 and 1994 for the Office of the United States Trade Representative; to the Committee on Finance.

EC-2672. A communication from the Assistant Secretary of the Treasury (Legislative Affairs), transmitting, an annual report on the operation of the Enterprise for the Americas Facility for fiscal year 1991; to the Committee on Foreign Relations.

EC-2673. A communication from the Acting Director of the United States Information Agency, transmitting, pursuant to law, a follow-up report entitled "Report on Presidential Advisory Commission Recommendations"; to the Committee on Foreign Relations.

EC-2674. A communication from the Chairman, Vice-Chairman, and Member of the United States Merit Systems Protection Board, transmitting, pursuant to law, the annual report reviewing significant activities of the Board during Fiscal Year 1991; to the Committee on Governmental Affairs.

EC-2675. A communication from the Cochairman of the Department of Education, transmitting, pursuant to law, the final report of the Task Force entitled "Indian Nations at Risk: An Educational Strategy for Action"; to the Select Committee on Indian Affairs.

EC-2676. A communication from the Assistant Secretary of the Army (Civil Works), transmitting, pursuant to law, a report on a proposed settlement to resolve the problem of damages caused by high ground water to lands of the Pueblo de Cochiti; to the Select Committee on Indian Affairs.

EC-2677. A communication from the Assistant Attorney General, Office of Legislative Affairs, Department of Justice, transmitting, a draft of proposed legislation to amend the Voting Rights Act of 1965 to extend the minority language provision, and for other purposes; to the Committee on the Judiciary.

EC-2678. A communication from the Attorney General of the United States, transmitting, pursuant to law, a notice of a delay in the effective date the notice-related provisions contained in subsections of the Immigration and Nationality Act; to the Committee on the Judiciary.

EC-2679. A communication from the Executive Secretary of the National Security Council, transmitting, pursuant to law, the annual Freedom of Information Act report of the Council for the period January 1, 1991, through December 31, 1991; to the Committee on the Judiciary.

EC-2680. A communication from the Secretary of Education, transmitting, pursuant to law, copies of the final reports from the Department of Education advisory committees; to the Committee on Labor and Human Resources.

EC-2681. A communication from the Chairman of the National Center for Education Statistics, Office of Educational Research and Improvement, Department of Education, transmitting, pursuant to law, a report on the quality of the Department's policy-relevant education indicators produced by the National Center for Education Statistics for fiscal year 1991; to the Committee on Labor and Human Resources.

EC-2682. A communication from the Chairman of the Intergovernmental Advisory Council on Education, Department of Education, transmitting, pursuant to law, a report on the Council's policy findings and recommendations; to the Committee on Labor and Human Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. GLENN, from the Committee on Governmental Affairs, without amendment:

S. 1942. A bill to provide for procedures for the review of Federal department and agency regulations, and for other purposes (Rept. No. 102-256).

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. SASSER (for himself, Mr. BYRD, Mr. MITCHELL, Mr. BENTSEN, Mr. SIMON, Mr. SARBANES, Mr. FORD, Mr. BIDEN, Mr. BUMPERS, Mr. BURDICK, Mr. CRANSTON, Mr. JOHNSTON, Mr. KENNEDY, Mr. LEAHY, Mr. PELL, Mr. RIEGLE, Mr. LAUTENBERG, Mr. SANFORD, Mr. WIRTH, Mr. FOWLER, Mr. CONRAD, Mr. DECONCINI, Mr. HARKIN, Mr. REID, Mr. ADAMS, Mr. KERREY, Mr. AKAKA, Mr. BREAUX, Mr. DASCHLE, Mr. DIXON, Mr. KERRY, Mr. KOHL, Mr. METZENBAUM, Mr. PRYOR, Mr. ROCKEFELLER, Mr. WELLSTONE, Mr. WOFFORD, Mr. HATFIELD, Mr. BAUCUS, Mr. BRADLEY, Mr. BRYAN, Mr. GRAHAM, Ms. MIKULSKI, and Mr. MOYNIHAN):

S. 2250. A bill to allow rational choice between defense and domestic discretionary spending; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977.

By Mr. JOHNSTON:

S. 2251. A bill to suspend temporarily the duty on 2-Hydroxy-4-Methoxy Benzophenone Sulfonic Acid; to the Committee on Finance.

S. 2252. A bill to suspend temporarily the duty on a-Isopropyl-a (N-methyl-N-homoveratryl)-g-aminopropyl-3, 4-Dimethoxyphenyl-acetonitril-hydrochloride; to the Committee on Finance.

By Mr. LAUTENBERG (for himself and Mr. BRADLEY):

S. 2253. A bill to designate the building located at 20 South Montgomery in Trenton, New Jersey, as the "Arthur J. Holland United States Post Office Building."; to the Committee on Governmental Affairs.

By Mr. MCCAIN (for himself, Mr. INOUYE, and Mr. DOMENICI):

S. 2254. A bill to provide tax incentives for businesses locating on Indian reservations, and for other purposes; to the Committee on Finance.

By Mr. KENNEDY (for himself, Mr. BRADLEY, Mr. SIMON, Mr. DURENBERGER, Mr. BINGAMAN, and Mr. FOWLER):

S. 2255. A bill to amend part D of title IV of the Higher Education Act of 1965 to provide for income dependent education assistance; to the Committee on Labor and Human Resources.

By Mr. SIMPSON (for himself, Mr. METZENBAUM, and Mr. LIEBERMAN):

S. 2256. A bill to amend the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain inter-

national conventions, and for other purposes", enacted July 5, 1946 (commonly known as the Lanham Act), to require certain disclosures relating to materially altered films; to the Committee on the Judiciary.

By Mr. BENTSEN (for himself and Mr. ROCKEFELLER):

S. 2257. A bill to amend the Social Security Act to extend the terms of service of the members of the National Commission on Children, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. MITCHELL (for Mr. KERREY (for himself, Mr. KENNEDY, and Mr. DASCHLE)):

S. 2258. A bill to establish an Education Capital Fund to assist local systemic reform initiatives, and for other purposes; to the Committee on Finance.

By Mr. BOREN (for himself, Mr. NICKLES, and Mr. WALLOP):

S. 2259. A bill to amend the Internal Revenue Code of 1986 to provide incentives for energy development, and for other purposes; to the Committee on Finance.

By Mr. BROWN (for himself and Mr. WIRTH):

S. 2260. A bill to direct the Secretary of the Army to transfer jurisdiction over the Rocky Mountain Arsenal in Colorado to the Secretary of the Interior for the purpose of establishing a national wildlife refuge, and for other purposes; to the Committee on Armed Services.

By Mr. COCHRAN:

S.J. Res. 260. A joint resolution designating the week of October 18, 1992, through October 24, 1992, as "National School Bus Safety Week"; to the Committee on the Judiciary.

By Mr. CRANSTON (for himself, Mr. AKAKA, Mr. GRAHAM, and Mr. INOUYE):

S.J. Res. 261. A joint resolution to designate April 9, 1992, as a "Day of Filipino World War II Veterans"; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. GRASSLEY:

S. Res. 261. A resolution to amend rule XXIV of the Standing Rules of the Senate to limit the length of service of Senators on congressional committees; to the Committee on Rules and Administration.

By Mr. DODD:

S. Con. Res. 94. A concurrent resolution urging the Government of the United Kingdom to address continuing human rights violations in Northern Ireland and to seek the initiation of talks among the parties to the conflict in Northern Ireland; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SASSER (for himself, Mr. BYRD, Mr. MITCHELL, Mr. BENTSEN, Mr. SIMON, Mr. SARBANES, Mr. FORD, Mr. BIDEN, Mr. BUMPERS, Mr. BURDICK, Mr. CRANSTON, Mr. JOHNSTON, Mr. KENNEDY, Mr. LEAHY, Mr. PELL, Mr. RIEGLE, Mr. LAUTENBERG, Mr. SANFORD, Mr. WIRTH, Mr. FOWLER, Mr. CONRAD, Mr. DECONCINI, Mr. HARKIN, Mr. REID, Mr. ADAMS, Mr. KERREY, Mr. AKAKA, Mr. BREAUX, Mr. DASCHLE, Mr. DIXON, Mr. KERRY, Mr. KOHL, Mr. METZENBAUM, Mr. PRYOR, Mr. ROCKEFELLER, Mr. WELLSTONE, Mr. WOFFORD Mr. HATFIELD, Mr. BAUCUS, Mr. BRADLEY, Mr. BRYAN, Mr. GRAHAM, Mr. MIKULSKI, and Mr. MOYNIHAN):

S. 2250. A bill to allow rational choice between defense and domestic discretionary spending; pursuant to the order of April 4, 1977, referred jointly to the Committee on the Budget and the Committee on Governmental Affairs.

APPROPRIATIONS CATEGORY REFORM ACT

Mr. SASSER. Mr. President, I rise today to introduce a measure that some may consider technical in nature, although I would submit its effect on the prosperity of our Nation will be anything but technical over the next few years.

It is a fundamental measure which will allow this country to build again. It will change our budget agreement to allow transfers between defense spending on the one hand and domestic spending on the other.

In doing so, it will allow this Nation to finally and tangibly begin to realize the rewards of peace.

The cold war is over, and as the President said in his State of the Union Address: "By the grace of God, we won."

Mr. President, I am positive that God's grace was in the equation, but I also know that we won because the American people were willing to make sacrifices over 45 years that no other peoples of this world were willing to make. We won with the blood and with the treasure of two generations. We won after consistently setting aside for military expenditures in far greater proportions of our national wealth and gross domestic product than did any of our fellow nations in the free world.

We won, because we fought two major wars, and we carried the burden of the long twilight struggle for almost half a century.

For the past 2 years, we have witnessed the crumbling of the Soviet bloc. It is no more. It is quarreling within. The people of the old Soviet Union grew weary of their own forced deprivation. The economic structure, the power of the old Soviet Union collapsed. A case can be made that it collapsed in the name of paying for a massive military machine that the economy simply could not support. The people would not tolerate the deprivation to fuel that military machine any longer.

Meanwhile, our economic competitors have waxed wealthy and prosperous under the luxury of the defense umbrella furnished by the people of the United States. So the lesson is not difficult. It is there for all who wish to see.

We need a measured but decisive conversion to peacetime economic strength. We must act forcefully. This Nation cannot afford to wait any longer. In the 1980's, Japan invested 6 percent of its gross domestic product in building its infrastructure. In the same period, over the Reagan-Bush years, the United States invested .03 percent in its infrastructure. That is .03 percent compared to the Japanese investment of 6 percent on roads, bridges, rail beds, wastewater treatment plants—all of the things that are necessary for a modern productive economy and society.

In other words, the Japanese invested a 19-times larger share of their national economy over the 1980's in infrastructure than we did right here in the United States.

The distinguished President pro tempore of the Senate, sitting in the Chair today, appeared before the Senate Budget Committee on February 5, and in an eloquent and highly informative statement, and in testimony that I found dramatic and compelling, as did my colleagues on the committee, said the following:

> This Nation cannot expect to be able to compete in the coming decades if we fall further and further behind in our public investments versus other nations.

I say to my colleagues it is time to heed the wisdom of the President pro tempore in that regard.

So today, I am introducing legislation that will adjust one small portion of our 5-year budget agreement. It would simply bring down the wall that prevents transfers between defense spending on the one hand and domestic spending on the other. The bill would allow Congress to pay for needed investments in the country and in our own people with reductions in military spending in fiscal year 1993.

It should be clear to all of us that the caps established by our budget agreement would force a $7 billion shortfall in funding for domestic priorities in 1993. Under the present arrangement, that shortfall could not be made up by defense spending. We could not even use the $5 billion in military savings that the President proposes to fill this hole in the urgent domestic needs of our country.

I say to my colleagues, I have been a staunch defender of the budget summit agreement. Three times last year: on January 31, on May 9, and again on September 19, I urged my fellow Senators to turn down opportunities to unravel the budget summit agreement. Twice: on April 25 and again on September 10, I raised a point of order against amendments that would have violated the budget summit agreement. So I am not proposing today that we unravel that agreement.

To my colleagues who are concerned with deficit reduction, let me say that I stand by the pay-as-you-go procedure that says we cannot increase entitlements or we cannot cut taxes without either paying for them or declaring an emergency.

The legislation I am introducing today will not increase the deficit by one penny. It will not expand the size of appropriated spending in the budget. We are merely talking about allowing shifts between military spending and domestic spending categories.

In this time of recession—and make no mistake, this is a very severe recession; it has gone on now for 19 months, the longest recession since the Second World War; indeed, the longest recession since the Great Depression of the early 1930's—in this time of recession our country needs more than ever to make investments right here at home.

The legislation I am introducing would not prejudice that decision. My bill would not create more spending. It simply would allow this body, the elected representatives of the American people, to conduct a legitimate debate over how to invest the peace dividend, a debate that would not be colored by the requirements of a supermajority.

I add that this measure might not be as urgent if the administration, of its own accord, had seized the promise of this moment—if it had proposed a military budget that responds to what is coming in the future rather than what is passing away.

But sadly, the administration has not done that.

The administration's defense proposal is advertised to yield $50 billion in savings. On closer examination, we find that $6 to $7 billion of that $50 billion is in a 1992 rescission package. So when we look to the future, the go-forward savings package actually amounts to only $44 billion in budget authority over 5 years. That translates to about $27 billion outlays over 5 years—about $4 billion in fiscal year 1993.

Compare that, if you will, to the $1.4 trillion the administration proposes to spend over the next 5 years on the military and you can see that these savings pale to insignificance when compared to the military spending that is proposed. This administration—let me repeat—proposes to reduce military spending by $27 billion in outlays over the next 5 years while spending in the same period of time over $1.4 trillion for the military.

They are giving us a schedule that would reduce Pentagon spending by about 4 percent a year. They were proposing to reduce it by 3 percent a year before the collapse of the old Soviet Union. So the reward for peace is a modest silver, indeed.

The President's proposed build-down would end in 1997 with a defense budget of $251 billion in constant 1993 dollars. Compare that to 1979 when the Pentagon spent $246 billion in constant 1993 dollars.

So what we are being asked to approve is a defense budget in constant dollars that will be higher in 1997 than it was in 1979. Those are in constant dollars, I tell my colleagues.

Bear in mind that in 1979 the Carter administration had already embarked on a defense buildup, increasing defense spending by 3 percent a year in real dollars already over a period of 2 years, if memory serves me correctly. And bear in mind that in 1979 the evil empire was intact, and the massive military machine of the old Soviet Union and the Warsaw Pact occupied a substantial portion of the face of the Earth and the oceans of this globe.

So, what we are seeing is 7 years after the fall of the Berlin Wall, 5 years after the disintegration of the Soviet Union, we will be spending more in real terms than we did at the beginning of the accelerated military buildup.

Recall that at the foundation of our current military planning was the so-called base force concept which was developed in 1990.

Let us contrast for the moment the world as it was in 1990 and the strategic realities of today.

Slightly over a year and a half later when the Pentagon included 12 carrier battle groups and 448 combatant ships in our so-called base force, the Soviet Navy was extraordinarily large with 240 surface warships operating daily in every international body of water in the world.

Today, the entire Soviet fleet is in port or drydocked. There is no fuel to run the vessels. There is no morale among the Soviet Navy or the old Soviet Navy. They do not even know who owns the ships. Russia and the Ukraine are fighting over the so-called Black Sea Fleet.

When the Pentagon set our current base force structure, Soviet missile factories were running full bore. I remember our colleagues getting on the floor and saying they are still building SS-21's. They were turning out the largest, most destructive missiles of the world, missiles like the SS-18 in 1990. But today the SS-18 factory in the Ukraine is busy hammering rocket booster shells into trolley buses.

So that is the state of our former enemy. That is the deterioration in military terms that has occurred just in the past year and a half.

Nevertheless, this administration has staked out a defense number that is really still at cold war levels. And the President says, "This deep, no deeper."

I think we ought to recognize the consequences of that inflexible, and I say unrealistic, position. If it, indeed, is as low as we can go, we are putting a very low ceiling indeed on the kind of investment we can make in our own country and in our own people.

If the peace dividend is really as negligible as that suggests, the administration is essentially telling us we are not going to have the kinds of roads and bridges that they have in Japan and Germany or France. We are not going to have the new schools we need in the United States of America. We are going to continue the decline in education vis-a-vis the other industrialized and advanced nations of the world.

We are not going to repair our infrastructure. We are not going to rebuild. We are not going to realize the things that peace promises, the things for which the American people sacrificed for almost a half a century.

Mr. President, today on behalf of the distinguished President pro tempore of the United States Senate, on behalf of the majority leader, on behalf of the distinguished chairman of the Senate Finance Committee, Mr. BENTSEN, on behalf of the Senator from Illinois, Mr. SIMON, on behalf of the chairman of the Joint Economic Committee, Mr. SARBANES of Maryland, on behalf of a total of 37 Senators today, I send the bill to the desk and ask for its appropriate referral and ask unanimous consent that the bill—and a section-by-section analysis of the bill—be printed in the RECORD.

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

S. 2250

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 "Appropriations Category Reform Act of 1992".

SEC. 2. AMENDMENTS TO THE CONGRESSIONAL BUDGET ACT OF 1974.

Section 601(a)(2)(C) of the Congressional Budget Act of 1974 is amended to read as follows:

"(C) with respect to fiscal year 1993—

"(i) for the international category, $21,499,000,000 in new budget authority and $20,010,000,000 in outlays; and

"(ii) for the national category, $493,570,000,000 in new budget authority and $521,259,000,000 in outlays,".

SEC. 3. AMENDMENTS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1958.

The Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in section 250(c)(4)(A) by striking "1991, 1992, and 1993," and inserting "1991 and 1992,";

(2) in section 250(c)(4)—

(A) by redesignating subparagraph (B) as subparagraph (C); and

(B) by inserting after subparagraph (A) the following new subparagraph (B);

"(B) For fiscal year 1993—

"(i) the international category, as defined in subparagraph (A) of this paragraph; and

"(ii) the national category, which shall consist of all discretionary appropriations other than those in the international category."; and

(3) in section 251(b)(2)(F), by striking "1991, 1992, of 1993" and inserting "1991 of 1992, and not to exceed $5,000,000,000 in the national

category or $1,500,000,000 in the international category in fiscal year 1993,".

SECTION-BY-SECTION ANALYSIS

CURRENT LAW

The Budget Enforcement Act amended section 601 of the Congressional Budget Act to create a series of caps to reduce appropriations. Section 601 sets forth caps on both budget authority and outlays. For fiscal years 1991, 1992, and 1993, the law sets forth caps on three categories: defense, international, and domestic. The law sets forth caps on only the total of all appropriations for 1994 and 1995. Whereas in prior years, the budget resolution gave the Appropriations Committee an overall allocation of budget authority and outlays, for fiscal years 1992 and 1993, six more numbers (budget authority and outlays for each of three caps) constrain appropriations.

If Congress and the President enact appropriations that exceed any of these six caps, section 251 of Gramm-Rudman-Hollings requires the President to order a sequester in only the category that appropriations breached. The Office of Management and Budget must estimate the cost of any appropriations bill within 5 days after its enactment, and that estimate controls the process. The sequester's timing depends on when the spending occurs: For regular appropriations bills enacted before Congress adjourns to end a session, the sequester occurs 15 days after the end of session. For spring supplemental appropriations bills (that is, any enacted after starting a new session but before July 1), the sequester occurs 15 days after enactment of the bill. Finally, for supplemental appropriations enacted after June 30, the law lowers the target for the next year. Consequently, either appropriations bills for the next fiscal year spend at the lower level, or a sequester occurs 15 days after the end of session under the first rule.

Points of order also enforce the caps in budget resolutions and appropriations bills in the Senate. These points of order require 60 Senators to waive.

The law provides for several adjustments to the caps. Some adjustments simply provide technical consistency. Some adjustments reflect policy decisions made at the summit. Some adjustments make provision for estimating differences between the Office of Management and Budget and the Congressional Budget Office; the law calls these "allowances." Finally, the caps adjust for what the President and the Congress both agree to designate as "emergencies."

THE PROPOSED CHANGE

Section 1 states the short title of the bill: "The Appropriations Category Reform Act of 1992."

Section 2 amends section 601 of the Congressional Budget Act to collapse the defense and domestic caps for 1993 into one cap, relabelled the "national" cap. The legislation proposes to set the cap equal to the sum of the two existing caps. The proposed amounts—$493.570 billion in budget authority and $521.259 billion in outlays—correspond exactly to the sum of the two caps under existing law, as adjusted by the President in his budget (on pages 5 and 6 of part Four of the February 18 supplement to the budget).

Section 3 makes conforming changes to Gramm-Rudman-Hollings. Two conforming changes bring the definition of "category" into line with the proposed change in the number of caps for fiscal year 1993. The remaining conforming change makes clear that the special outlay allowance provided under current law will continue to be available. The proposal ensures that the amended law will make available exactly the same amount of money in the aggregate (both in budget authority and in outlays) as would the existing law.

The bill does not set new levels for defense and domestic spending. It merely would allow the Senate to debate shifts between the defense and domestic categories unhindered by a point of order requiring 60 votes to waive. The bill does not increase discretionary spending. Congress would be just as free to reduce the deficit as under existing law. Finally, the bill does not address the pay-as-you-go requirements for entitlements and taxes. All the features of existing law would continue for those fiscal decisions.

Mr. BENTSEN. Mr. President, I want to congratulate the distinguished chairman of the Budget Committee. What he is doing is dealing with reality. When we set out that budget agreement in 1990, there were two great superpowers, and a real chance of enormous military confrontation. Now there is only one, and we are it.

Our real competition, as we look at this next decade, is much more likely to be an economic competition and confrontation rather than a military one. This is living up to reality and trying to do those things we need to do to make this country more productive, and to preserve and enlarge the infrastructure of the country. I congratulate Senator SASSER for it.

Mr. SIMON. Mr. President, I am pleased to be an original cosponsor of legislation which the chairman of the Budget Committee, Senator SASSER, is introducing today, which would make changes in the Budget Enforcement Act, to allow transfers from defense to domestic spending.

There are a number of important issues which the Budget Committee and the Congress will have to address early this year, in order to make decisions about our Nation's economic well-being for years to come. We will need to work hard to develop consensus on divisive issues, like tax cuts, spending priorities, and the best way to help the economy out of recession. It won't be easy to reach an agreement, but it's absolutely imperative that we do. The most pressing issue facing us today is how to develop a strategy that can restore our economic preeminence and assure a better standard of living for our children, while responding to the urgent domestic needs our country faces after more than a decade of neglect. In order to address our country's long-term economic health, and in order to respond to a new world order, I believe we must change the 1990 budget agreement, to restore to Congress its traditional role of setting our Nation's budget priorities.

The 1990 budget summit agreement restricted the ability of Congress to make basic decisions about our Nation's spending priorities. The overall spending levels which govern our budget decisions today were agreed upon in October 1990. Those priorities did not make sense in 1990, and they make even less sense today.

The 1990 budget summit agreement created three distinct discretionary spending categories—domestic, defense, and international. A spending cap was placed on each of these categories through fiscal year 1993. Current law requires a 60-vote supermajority to reallocate outlays and budget authority from one category to another through fiscal year 1993. And if a 60-vote supermajority is obtained, an across-the-board sequester automatically occurs in the category which is increased.

It is time for Congress to make changes in the 1990 budget agreement for the coming fiscal year, to allow transfers from defense to the domestic spending category without the threat of an automatic sequester.

Even before the 1990 summit agreement became law, I worked to change the "firewalls" which separate domestic discretionary spending into three categories. I had serious concerns about the changes that Congress agreed to concerning discretionary spending in the budget summit agreement. On October 18, 1990, the night the Senate passed its version of the 1990 budget reconciliation bill, I, along with my colleague from New Jersey, Senator BRADLEY, offered an amendment, which was adopted, to delete the requirement for a 60-vote majority in order to transfer spending among the three categories. Unfortunately, my amendment was taken out in the House-Senate conference on that legislation. Early in 1991 I introduced legislation, S. 644, to make those same changes in the Budget Enforcement Act. I finally believe it is time for the Congress to enact similar legislation.

It is also time for Congress to recognize that we must set new priorities for our country. One of those priorities must be to get the Federal deficit under control. In fiscal year 1993, our Nation will spend almost $316 billion in gross interest on the public debt. Interest on the debt will surpass what we spend for our national defense for the first time in our history. Our Nation is spending more on its past than on its future.

Another of our priorities for this year must be to direct more resources for our domestic needs. Our cities and rural areas are deteriorating, and the recession is forcing cities and States to make drastic cutbacks in education, housing, health care, and aid to the needy.

We need a strategy for a high-wage economy that will restore our overall economic competitiveness, and improve the standard of living for all our citizens, not just the wealthy. This strategy must include significant new investments in education, job training, and infrastructure.

We should be investing significantly more resources in education pro-

grams—from beginning to end. Dollars spent on early childhood education are dollars well spent. We have made significant progress in expanding Head Start, but we are still only serving about 40 percent of the eligible population. Every $1 spent on early childhood education saves the Government $4.75 for later special education, welfare, and criminal justice costs. We need to make the commitment that Head Start will be able to serve all eligible 3-, 4-, and 5-year-olds by 1994. In addition, the buying power of the Pell grant has been cut almost in half over the past decade, and now the administration is proposing to cut 400,000 students out of the program. We need to expand grant aid to students, to ensure equal opportunity for those from lower and middle income families.

We should also take a look at the GI bill. The GI bill was originally conceived as a gift to veterans, but it turned out to be a tremendous investment in our future. If you take the old GI bill and index it for inflation, it would be worth over $8,100 today. Yet the maximum Pell grant is only $2,400.

As we approach the next century, the only way to ensure well-paying, quality jobs is to have the world's best-educated and best-trained work force and the best infrastructure base for companies to work within. We must make America a place where international businesses want to invest and hire people and where domestic companies will remain.

We can begin to achieve these two goals by cutting defense spending beyond the levels proposed in the President's fiscal year 1993 budget. Some of my colleagues on the Senate Budget Committee will remember my perseverance last year in offering amendments to the fiscal year 1992 budget resolution to reduce the 050 Defense Function, and to use most of the savings to reduce the deficit. I offered four amendments in this committee last year to reduce defense spending by 10, 5, 2, and 1 percent. I also offered two amendments to reduce defense spending when the fiscal year 1992 budget resolution was debated by the full Senate. Last year, my efforts to reduce the deficit and to reduce defense spending were unsuccessful. We simply must do better this year.

I was disappointed with the President's fiscal year 1993 budget. The President announced in his State of the Union Message that the cold war is over. But his budget for fiscal year 1993 does not reflect this reality. In the area of national defense, this budget only begins the long-overdue process of restructuring our military forces. Substantial savings can be made, but only if we acknowledge the reality of a collapsed Soviet Union and a radically reduced threat to our national security. We still have challenges, and there remain threats, but a new age has clearly dawned. The administration's budget simply does not reflect this new age. We can do much, much better than a nominal cut of 3 percent in fiscal years 1992 and 1993.

When World War II ended, the defense budget declined dramatically. That made good sense. Now let's compare what we did then with today. Last year, before the cold war officially ended with the collapse of the coup plotters in August 1991, the Pentagon proposed fiscal year 1997 defense spending at $11.5 billion more than the fiscal year 1992 level, 4 percent higher. But now that the cold war is officially and indisputably over, the President is still planning nominal growth, with the new fiscal year 1997 level $6.8 billion more than the fiscal year 1992 level—2.3 percent higher. We are still talking about defense budgets in the range of $285 to $290 billion.

I see no reason why we can't cut more out of defense in fiscal year 1993. A budget authority level of about $268 billion, about $13 billion below the request, is a prudent motion reflecting the new realities in international affairs.

The $50 billion in budget authority cuts trumpeted by the administration—only $27.4 billion in outlays—over the 5-year period are cuts from the adjusted baseline. Let's not kid ourselves: we will not make much of an impact in controlling the deficit under the Bush budget. It's a case of one unrealistic plan—this current proposal—building on a previously unrealistic plan—the 1991 proposal.

Our conventional force posture is still overwhelmingly geared to fight a massive Soviet tank onslaught in Western Europe—yet the number of Soviet ground force divisions will be slashed by two-thirds or more during this decade. And the President's response is to offer us the same level of reductions in United States forces in Europe as planned before the Soviet Union disintegrated.

Even more incredible, the cuts in military personnel to a level of 1.6 million on active duty are the same in both the before and after budgets. This ought to be called the zero percent solution. Surely with the collapse of the U.S.S.R. and the Warsaw Pact, we can reduce well below this sacrosanct figure of 1.6 million. Reducing by another 300,000 troops in this 5-year period will save another $50 billion. In my view, we can safely cut personnel much further than the President proposes.

Let's look at some specifics. We are buying 4 new B-2 bombers this year, at a cost of another $4 billion, plus another $1 billion from fiscal year 1992 that is currently fenced for a fifth bomber, bringing the total buy to 20. Why not end the program at 15, as Senators PAT LEAHY and JIM SASSER and many of us have been urging, instead of the new Bush level of 20? How much extra capability do we get with five additional bombers?

SDI is getting a 30-percent increase, even though the Soviet long-range missile threat is rapidly dwindling. If SDI gets the requested amount this year, it will have received more than a 70 percent hike in just 2 years. If we are really concerned about the proliferation of missiles and weapons of mass destruction, then let's take some money from SDI and spend it on the International Atomic Energy Agency, to aggressively enforce and police the nonproliferation regime.

Finally, there are numerous areas where we ought to look for defense savings that we're not looking at today. Why are we spending close to $900 million in fiscal year 1993 for a new nuclear-powered aircraft carrier—the CVN-76—when most observers acknowledge we'll be paring back the number of carriers in the fleet? Why are we buying 21 new D-5 submarine-launched ballistic missiles—168 new strategic nuclear warheads—at a cost of $1 billion when the President has proposed to cut the number of submarine missile warheads by one-third? Why are we spending about $7.5 billion for nuclear weapons research and development, of which nearly $500 million will go toward nuclear weapons testing? Why not seize the moment to negotiate a Comprehensive Test Ban Treaty with the world's nuclear powers?

In September of last year, after the failed coup in the former Soviet Union, I wrote to President Bush, calling on him to reverse the nuclear arms race and to take advantage of a momentous opportunity to reorder our Nation's budget priorities. At that time, I called for a new budget summit between the Bush administration and Congress. In September of last year, the Senate passed a Sense of the Senate resolution which stated that the President and the leadership in Congress needed to consider establishing new priorities, in light of the events in the Soviet Union.

And again, today, we consider the same issue. Can our Nation continue to spend $281 billion for the defense of our Nation from an outside enemy, while our country decays from within?

I urge my colleagues to carefully consider these issues. It's imperative that we make changes in the 1990 budget summit agreement that would allow us to consider the need to cut defense spending beyond the President's fiscal year 1993 budget request, in order to reallocate the savings to important domestic needs, including a reduction in the Federal budget deficit. These policies would improve the long-term economic prospects for our country, and assure a better future for our children. I believe this is the very least we ought to do.

Mr. SARBANES. Mr. President, I am pleased to join the distinguished chair-

man of the Budget Committee, Senator JIM SASSER, in introducing legislation to bring down the Budget Enforcement Act's wall which rigidly separates and isolates domestic and defense spending categories, thereby artificially limiting the debate on national priorities.

On January 3, 1992, Senator SASSER and I put forward a comprehensive program for recovery and growth. To improve economic growth over the longer term, we called for a fundamental rearrangement of budget priorities to emphasize investment in America. We believe it is possible to shift substantial resources from the military budget to fund a Marshall plan for America: public investment directed at programs that expand our country's capacity to produce and compete in the future, including infrastructure, education, worker training, and research and development. Potential reductions in military spending are anticipated to be large enough to fund not only new investments in America but also to reduce the Federal deficit. Deficit reduction, combined with new public investments, will provide a potent stimulus to investment in the private sector.

During the 1980's, national priorities shifted dramatically. Military spending increased sharply, as did interest payments on the debt used to finance these expenditures. As a result of this shift, important areas of public investment were neglected. The Joint Economic Committee issued repeated warnings that this trend would have grave implications for our Nation's future, and today some of the consequences are apparent. By even the most optimistic projections, the 1990's will be a decade of slow economic growth.

Meanwhile, our major trading partners, with whom we compete, have invested a higher percentage of GDP than we do in public investment, and have enjoyed higher rates of productivity growth, which is the key to rising wages. While approximately 2 percent of GDP is devoted to public investment in the United States, Japan is investing close to 6 percent of GDP, and Germany almost 3 percent. Since our future standard of living depends critically on the public investments we make today, this gap must be narrowed and closed.

Dramatic changes in the international scene make this change of course in economic policy possible. The perceived threat from the Soviet Union, for example, is significantly less today than it was when the budget agreement was crafted. Earlier this month, President Bush and President Yeltsin went to Camp David and declared that the cold war was over. Discussions with our former foe now focus more on markets than missiles.

While a strong military is still essential, the security challenge we face today is significantly different than the one we faced when the Budget Enforcement Act was passed. Economic diplomacy and economic security issues are playing an increasingly important role in the post-cold war environment. The legislation we are introducing today is a critical first step in recognizing this changing environment and addressing our economic security needs.

A change of course in economic policy is urgently needed, and this legislation is the first step in achieving that change. I once again want to recognize the work of Senator SASSER on this important matter, and I look forward to working with him to reinvigorate our national economy.

Mr. ADAMS. Mr. President, I am pleased to be a cosponsor of Senator SASSER'S legislation to bring down the budget wall between defense and domestic spending in fiscal year 1993. The Budget Enforcement Act has worked to curb discretionary spending. But it has also bound us to the separate caps on defense, international, and domestic spending in addition to overall spending targets.

The economic and security environment facing the United States has changed completely since the Budget Enforcement Act was concluded. The Soviet Union has dissolved and in its place we find struggling democracies eager for our friendship and advice.

Here at home, four decades of cold war vigilance have left our economy unprepared for the challenges and increased competition of the 21st century. Because of the policies of the Reagan and Bush administrations, we now have some 16 million Americans unemployed or underemployed. The United States spent $12 trillion to win the cold war. Conversion of our defense industry to commercial purposes is essential if the United States is to maintain its position in the global economy of the 21st century.

Keeping the walls between defense and domestic spending in this environment would not just be irrational. It would be downright unfair to our workers and dangerous to our economic health.

I have voted several times recently to break the budget agreement so that we may reevaluate our budget priorities given the new domestic and international realities. We cannot turn our backs on the pressing need to reduce the budget deficit. But neither can we turn our backs on the real needs of our citizens.

The peace dividend is real and can provide a one-time boost to our economy and to our deficit reduction aims. But only if we shift our defense savings to meet domestic needs.

I commend Senator SASSER for taking this long-overdue step and look forward to working with him and with my colleagues in this Chamber to put the peace dividend to its most effective use.

Mr. LAUTENBERG. Mr. President, I am pleased to join as a cosponsor of this important legislation to revise the budget agreement to allow shifts of funds from defense programs to domestic initiatives.

I want to commend the distinguished chairman of the Budget Committee, Senator SASSER, for his leadership in this area. Also, I should acknowledge the work of Senator SIMON, who introduced a similar bill last year, S. 644, which I also have cosponsored.

Mr. President, I opposed the budget agreement in 1990 in part because it tied Congress' hands for 3 years, and would lead to excessive and wasteful defense spending. I was in the minority at the time. But by now it's clear that the agreement is obsolete. By blocking funding shifts between defense and domestic programs, the agreement is freezing into place the misplaced priorities of an earlier era.

Mr. President, the world was a very different place in 1990. While dramatic change was already well underway in the Soviet Union, many in the United States still feared that country, and still thought in cold war terms. Today, of course, the Soviet Union doesn't even exist. The cold war is in our past.

Yet, Mr. President, while the world around us has changed so dramatically, our budget priorities remain in a time warp. We are still spending close to $300 billion a year on defense. We still spend billions defending our European allies from a threat that most believe no longer exists. And we still are committed to a range of weapons programs that serve no useful purpose.

Meanwhile, Mr. President, our needs here at home are greater than ever. Our economy is in the longest recession since the Great Depression. Unemployment is over 7 percent. And ordinary middle-class Americans are finding it increasingly hard to pay their bills, send their kids to college, and keep their heads above water.

Mr. President, a primary reason why our economy is having trouble is that, for years, we have underinvested in our future. While our competitors have invested substantial sums in their infrastructure, and the education and training of their people, we have not. And we'll be paying the price of that neglect for decades to come.

Mr. President, we need to focus on America's needs and America's future. That's going to require us to fundamentally reshape our priorities. More specifically, it's going to require us to spend considerably less on the defense of our allies and on outdated weapons systems. And considerably more on initiatives, like infrastructure and education, that will yield long-term dividends.

Unfortunately, this kind of fundamental shift in priorities is inconsistent with the budget agreement. If allowed to stand, that agreement will

lead to continued excesses and waste in the Pentagon budget, and continued underinvestment in the economic foundation of our Nation.

Mr. President, if America is going to give our children a better future, we are going to have to make some dramatic changes. Breaking down the wall between defense and domestic programs is an important and necessary first step. I again commend Senator SASSER for his leadership, and urge my colleagues to support the bill.

Mr. AKAKA. Mr. President, it is a privilege for me to join with the chairman of the Senate Budget Committee, Senator SASSER, the President pro tempore, Senator BYRD, and nearly 40 of my colleagues in cosponsoring legislation that will allow Congress to respond to the needs of the American people.

The bill that has been introduced today will tear down the barriers imposed by the Budget Enforcement Act of 1990 that separate the three categories of discretionary spending—defense, international and domestic. Enactment of this measure will allow us to turn our attention to the pressing domestic issues facing us today.

The debate before us is one of choices. Choices that will affect generations to come. Choices that will enable our children and grandchildren to compete in the global marketplace of the 21st century.

Since the end of World War II, the people of the United States have committed much-needed resources to bringing peace to our fellow citizens of the world. With the demise of the Soviet Union, the rewards for these sacrifices must now be brought home to the American people.

I have listened to the people of Hawaii who have said they want leadership in Washington—people who tell me through their letters and phone calls that what they need is responsible action by Congress to deal with the economic problems at hand; to ease the suffering of their fellow Americans and reduce the Federal deficit so that their children will prosper.

Mr. President, I believe we must stick with the budget agreement of 1990 if we are to deal effectively with the recession and the deficit. What we are introducing today does not weaken the budget agreement nor place our economic recovery at risk. Rather, the legislation would take the savings from cuts in defense spending to pay for vital domestic problems like education, breast cancer screening, job training, housing assistance, infrastructure and R&D.

We can no longer afford the deep cuts in domestic programs inflicted over the past 10 years. Too many of these essential programs are seriously underfunded and continue to be so under the President's fiscal 1993 budget proposal.

Mr. President, the buzzword of the 1990's is competitiveness; an issue that impacts squarely on our country's ability to retain its leadership position among nations. To be competitive, Mr. President, requires commitment to the well-being of all our citizens, not the privileged few. Over the last four decades, the United States has been the preeminent world power and beacon of freedom. We need to redirect the beam of hope back toward America.

I believe that our Nation has the responsibility to provide moral and economic leadership to the citizens of this great country. We cannot do so without bringing down the walls that divide the spending categories agreed to in the Budget Act.

We now face urgent domestic needs brought on by the longest recession since the great Depression of the 1930's. The needs of our citizenry are no less compelling than the need to maintain a strong national defense. The legislation introduced today neither creates more spending nor increases the deficit. What it does, however, is to allow us to invest the peace dividend realized by the end of the cold war in the future of America.

I would like to note that I have voted to waive the budget agreement on only a few occasions in order to enact programs like the extension of unemployment benefits for the millions of jobless Americans. I have also sought to shift unobligated defense spending to domestic programs—a move that parallels the bill we introduce today. My resolve to stay within the 1990 budget agreement is firm, as is my commitment to invest in the health, education and welfare of those Americans most in need during this time of shifting of world priorities.

By Mr. LAUTENBERG (for himself and Mr. BRADLEY):

S. 2253. A bill to designate the building located at 20 South Montgomery in Trenton, New Jersey, as the "Authur J. Holland United States Post Office Building"; to the Committee on Environment and Public Works.

ARTHUR J. HOLLAND UNITED STATES POST OFFICE BUILDING

• Mr. LAUTENBERG. Mr. President, I rise today, along with my colleague Senator BRADLEY, to introduce legislation to designate the new post office in downtown Trenton, NJ, for Arthur J. Holland. The late Arthur J. Holland served the city of Trenton with distinction as mayor for the better part of 30 years: from 1959 until 1966, and again from 1970 until his death in 1989. In that capacity he not only earned a reputation among his fellow Trentonians for honesty and fairness in government, but also became an outspoken advocate on behalf of the Nation's cities, for which his fellow mayors elected him president of the U.S Conference of Mayors.

Mayor Arthur J. Holland's record of exemplary public service makes him quite deserving of an honor reserved for so few Americans. Mayor Holland's terms in office were distinguished by both his dedication to the calming of urban strife, and his firm commitment to civil rights. His leadership was essential to the organization of the Urban Mayor's Association, which has become a locus for urban tax reform, the promotion of civil rights, and the resolution of the problems which plague our cities.

Arthur Holland's accomplishments on the national level, though impressive and far-reaching, did not distract the Trenton mayor from his dedication to the people who elected him, and the State he loved. Mayor Holland stood strong in his promotion of the rights of New Jersey's municipalities and the rights of New Jersey's urban citizenry.

I hope my colleagues will join me in expressing gratitude to Mayor Arthur J. Holland by passing this legislation which would name the United States Post Office in Trenton after him.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2253

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

SECTION 1. DESIGNATION

The building located at 20 South Montgomery in Trenton, New Jersey, is designated as the "Arthur J. Holland United States Post Office Building."

SEC. 2. LEGAL REFERENCES.

Any reference in any law, regulation, document, record, map, or other paper of the United States to the building referred to in section 1 is deemed to be a reference to the "Arthur J. Holland United States Post Office Building."•

• Mr. BRADLEY. Mr. President, I rise today with my colleague Senator LAUTENBERG to dedicate a building located in Trenton, NJ, as the "Arthur J. Holland United States Post Office Building."

As the leader of the city of Trenton for the better part of 30 years, Major Holland earned a reputation for honesty and fairness. His deep commitment to resolving the urban problems that plagued his city won him the admiration of the people he served, and his firm dedication to the civil rights movement earned him the respect of his colleagues, who elected him vice president, president, and chairman of the U.S. Conference of Mayors.

When it came to urban issues, Mayor Holland never backed down from a fight. In fact, he spent the better part of his career in the heart of the urban battleground defending the rights of his city and ensuring that his constituents were never overlooked. Because of his willingness to stand up for the rights of cities everywhere, citizens residing in urban setting throughout the

Nation owe Mayor Holland a debt of gratitude. I am pleased that Mayor Holland's efforts are being recognized through the dedication of a Trenton Post Office in his name.•

By Mr. MCCAIN (for himself, Mr. INOUYE, and Mr. DOMENICI):

S. 2254. A bill to provide tax incentives for businesses locating on Indian reservations, and for other purposes; to the Committee on Finance.

INDIAN EMPLOYMENT AND INVESTMENT ACT

• Mr. MCCAIN. Mr. President, for the past few months the Navajo Nation has been examining various tax incentives as a means of providing Indian tribes with an additional economic tool to aid them in strengthening their reservation economies. As a result, the Navajo Nation is proposing that an investment tax credit and an Indian employment credit that are specifically targeted to Indian reservations be included in the national economic growth package now being developed in the Finance Committee.

I rise today on behalf of myself, Senator INOUYE and Senator DOMENICI to introduce the Navajo Nation's proposal as the Indian Employment and Investment Act of 1992. In concept, the bill is substantially the same as legislation that Senator INOUYE and I have previously sponsored. I wish to commend president Zah, vice president Plummer, and members of their staff for their leadership in putting together this economic growth package for Indian tribes.

Mr. President, under the leadership of Chairman INOUYE, one of the highest priorities of the Select Committee on Indian Affairs has been to encourage the development of Indian reservation economies. Establishing this as a priority was not a difficult choice to make. Chairman INOUYE and I have traveled extensively throughout Indian country and have become all too familiar with the unacceptable social and economic conditions that characterize the majority of Indian reservations.

It is for this reason that we believe that the enactment of this legislation is an urgent necessity for Indian tribes. For too long tribes have suffered from economies unable to provide jobs and sources of income for their members. The time is long overdue for Congress to take action to stimulate the development of viable economies on Indian reservations.

The litany of social problems on many reservations is depressingly familiar. I will simply recite a few of the basic statistics. The unemployment rate on reservations is typically in the range of 40 to 50 percent and on some of the poorer reservations reaches 80 to 90 percent. The lack of jobs and economic opportunity on reservations is a major contributor to the high levels of alcoholism, high suicide rates, sense of helplessness and other deep social problems that afflict all too many tribes. The conditions on reservations often more closely resemble a Third World undeveloped nation than the mainstream economy and society of the United States.

As we all know, the reason the Congress is currently developing an economic growth package is due to our concern that the national unemployment rate is too high. Yet for many Indian tribes, 7.1 percent unemployment would be a godsend. As Senator INOUYE has stated on another occasion:

> The unemployment rate on the majority of Indian reservations is simply incomprehensible to the average American. During the heights of the Great Depression in the 1930's, unemployment averaged 25 to 30%. In 1989 the average rate in Indian country is 52%!

It is unconscionable for the Congress to allow these conditions to fester within the borders of this Nation. Moreover, we can not in good conscience call the final product a national economic growth package unless we include Indian reservations—perhaps the most disadvantaged and depressed areas of our country—as full and equal partners in the final package. There is simply no longer any alternative to taking the strong actions necessary to assist Indian tribes in improving the quality of life of their people.

I know that some in the Congress have been frustrated that earlier efforts to improve reservation conditions have not been as successful as we might have liked. But that is no excuse for inaction today. Indeed, we have not only failed to intensify our efforts but spending by the Federal Government for Indian programs fell sharply in real terms over the past 15 years. One of the largest dropoffs was precisely in the area we are discussing today, economic development. In constant 1990 dollars, BIA spending for economic development fell from $144 million in 1977 to only $36 million in 1990—a drop in real terms of 75 percent.

Senator INOUYE and I believe for several reasons that a strategy of tax incentives such as this legislation proposes is the most effective way that the Federal Government can act to stimulate reservation economic development. Tax incentives do not depend for their effectiveness on the actions of Federal bureaucracies that are often slow moving and unimaginative. The incentives are usable only by viable businesses that expect to earn some profits and hence to have tax obligations against which credits and deductions can be used to diminish their tax obligations. The Federal Government therefore does not spend anything until a real business is created on a reservation and there exist real jobs and real income generated for the benefit of reservation residents. Unlike direct spending programs, if there is no benefit, there is also no cost.

Similarly, there is a minimum of Federal spending required for studies, planning, impact analyses and all the other ways in which substantial Federal funds can be exhausted and yet no businesses, no jobs, and no real economic development are yet in sight. In all too many cases in the past, the real economic impact of direct Federal spending programs has been limited to the planning and other jobs connected to the Federal spending itself. This of course disappears, once the Federal spending is gone. No long term viable economy results. Certainly not one that can be self-sustaining.

The Federal Government has sometimes tried to direct investment into one or another specific area of business activity on reservations—tourism, for example, was a big favorite for a while. By and large, these efforts have not been successful. I believe it is better to establish some general incentives to encourage the private sector to locate on Indian reservations and then to leave it to individual, business, and tribal initiative to determine how these tax incentives will actually be put to use.

Others have come to similar conclusions. In 1985 the Office of the Secretary of the Interior convened a task force of Departmental and BIA professionals to examine ways of stimulating greater economic development on reservations. The result of this effort, "The Report of the Task Force on Indian Economic Development," recommended the enactment of legislation providing for the creation of enterprise zones on Indian reservations. The task force recommended making available tax incentives in these zones, including an employee wage and training tax credit, an investment tax credit and a full exemption from corporate taxes for income earned in the zone.

Over the years there have been a series of studies finding that the application of tax incentives to Indian reservations held much promise. In 1981, the Bureau of Indian Affairs commissioned a study by the Charles Trimble Company, which was eventually published as "Applicability of Enterprise Zones to American Indian Reservations." The study concluded that, if other preconditions were also met, enterprise zones could play a major role in stimulating economic development on reservations. More recently, a 1988 study also funded by the BIA, "American Indian Enterprise Zones: Summary of Past Initiatives and a Look to the Future," and a 1990 study sponsored by the Native American Rights Fund, "Doing Business: An Evaluation of Policy Alternatives to Encourage Private Enterprise on Indian Reservations," also found significant potential in tax incentives and other zone approaches. The special geographic, economic and other circumstances of Indian reservations require that any tax

incentives be specifically tailored for Indian reservations. The remoteness of many reservations, the lack of a skilled work force, and other economic disadvantages require that a particularly strong set of tax incentives be offered in order to succeed in attracting businesses to these reservations.

The Indian Employment and Investment Act of 1992 provides for an investment tax credit and an Indian employment credit. The Indian employment credit would apply to any businesses locating on an Indian reservation while the investment tax credit would apply only on those reservations which have an unemployment rate exceeding the national average by at least 300 percent. An analysis of the legislation being introduced today was issued on February 19, 1992. The study entitled: "Investment and Employment Tax Credits for American Indian Reservations: An Analysis of Benefits and Costs," prepared by Mr. William L. Stringer, president of Economic and Financial Consultants, for the George Washington University Center for Native American Studies and Indian Policy Development, found, in part, that: "* * * because of conditions unique to Indian country, [a] carefully targeted package of tax incentives for all reservation based investments and employers would have a significant impact on Tribal economies and employment, and would do so at negligible cost to the Federal Treasury."

Mr. President, the time for action is now. As President Zah stated in his testimony on this issue: "Indeed, helping the American Indians to help themselves is neither a Democratic issue nor a Republican issue; it's not a conservative policy or a liberal policy; it's not even a "special interest" issue. Rather, it is a "human" issue that must, and deserves to be, addressed from a national perspective on a bipartisan basis, and with a real sense of urgency warranted by the deplorable conditions existing in Indian country—conditions which truly are a national disgrace."

I urge all members of the Finance Committee and the rest of my colleagues to take President Zah's words to heart, and to carefully consider the Indian Employment and Investment Act of 1992 for inclusion into the national economic growth package. The act will not solve all the problems on Indian reservations, but it does offer an important new economic tool for those tribes and businesses willing and able to take advantage of it.

Mr. President, I ask unanimous consent that a copy of the testimonies of President Peterson Zah, Vice President Marshall Plummer, the study entitled: "Investment and Employment Tax Credits for American Indian Reservations: An Analysis of Benefits and Costs" and the Indian Employment and Investment Act of 1992 be inserted into the CONGRESSIONAL RECORD immediately following my statement.

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

TESTIMONY OF MARSHALL PLUMMER, VICE-PRESIDENT OF THE NAVAJO NATION

My name is Marshall Plummer, and I am the elected Vice-President of the Navajo Nation, the country's largest Indian tribe. I testify today in support of the Navajo Nation's proposals for federal tax incentives to help address the unconscionable levels of unemployment and poverty that exist in Indian country throughout this nation.

At the outset, I wish to convey to you, Mr. Chairman, and Members of the Committee, the sincere appreciation of our President, Peterson Zah, for this opportunity to appear before the Committee—as well as his frustration that he was unable to be here to testify himself. Unavoidably, today's hearing conflicted with President Zah's long-scheduled meeting in Nevada with Secretary of the Interior Lujan and others concerning water rights issues of critical importance to the Navajo people. Please be assured, however, that the issues about which I testify today are equally important to the Navajo Nation, as economic development is one of the highest priorities of our Administration. President Zah's prepared statement is attached, and I would request that it be considered as part of the testimony that I deliver here today.

I also want to express our great appreciation to Senator DeConcini, a good friend of the Navajo and of all Indians, for his personal efforts that led to this opportunity to testify on issues of urgent import for Indian country. Finally, I want to acknowledge and thank Chairman Daniel Inouye, Co-Chairman John McCain and other Members of the Select Committee on Indian Affairs, including Senator Daschle, who also sits on this Committee. The tax incentives proposed by the Navajo Nation have their genesis in past legislative proposals from the Select Committee on Indian Affairs that have enjoyed support from both sides of the aisle.

CONDITIONS IN INDIAN COUNTRY

I come before this Committee to attempt—with all the persuasive powers at my disposal—to convey the following message: that while there are many Americans who are hurting during these economic hard times, no single segment of our society is hurting worse than the American Indian. The conditions of poverty that persist throughout Indian country are unspeakable, and the levels of unemployment are staggering.

As Chairman Inouye reported during his Committee's 1989 hearings on Indian economic development:

The unemployment rate on the majority of Indian reservations is simply incomprehensible to the average American. During the height of the so-called Great Depression in the 1930's, unemployment averaged 25 to 30%. In 1989 the average rate in Indian country is 52%!

Just last July, Chairman Inouye explained in hearings before House Ways and Means that "[o]ne thing links almost all of these [Indian] groups: alarming rates of unemployment that range from an average of 56% to a high of 97%; a lack of economic infrastructure, and all of the associated problems that plague any chronically-depressed community."

The result is that here, within the borders of the United States of America, most reservation Indians live under conditions far worse than exist in many of the Third World countries to which our Government provides substantial foreign aid. Under circumstances in which Indians lack many of the items that other Americans take for granted, meaningful action by the Congress that can attract investment and jobs to Indian country will also address basic questions of human dignity.

NAVAJO NATION TAX INCENTIVES PROPOSAL

New approaches are urgently needed to promote the type of economic development on our reservations that can better the lives of our people.

The Navajo believe—as do many other Indian leaders who have advised us of their support—that an appropriate new approach to this problem is through federal fiscal policy. In particular, the Navajo urge that the Congress put into place federal tax incentives that can help induce private sector investors to consider the potential for job-creating opportunities in Indian country.

The Navajo Nation has previously submitted to the Committee its proposal for two related tax incentives that complement certain national strategies now under discussion to revive the overall U.S. economy.

First, the Navajo Nation proposes an investment tax credit ("ITC") targeted to Indian country. This so-called "Indian reservation credit" is geared specifically to reservations where Indian unemployment levels are unconscionable—the credit being limited in its applicability to reservations having an unemployment rate exceeding the national average by at least 300%.

The Indian reservation credit would offer a higher percentage credit for investment in Indian country than would otherwise be available under a nationwide ITC. This differential is absolutely essential in order to help mitigate unique problems endemic to investing in Indian country—particularly the lack of infrastructure—which are not commonly shared by other depressed areas. Without such a differential, an ITC (or any other tax incentive, for that matter) would essentially be useless for reservation economic development. This is so because Indian country—both historically and at the present time—does not compete on a level playing field with even the most economically distressed non-Indian areas, due to "double taxation" by the states, infrastructure deficiencies and related problems.

Second, the Navajo Nation proposes an Indian employment credit aimed at increasing employment of Indians on reservations. A 10% credit to the employer would apply to qualified wages and qualified health insurance costs paid to an Indian. An added incentive—a significantly higher credit—would be available to reservation employers having a workforce with at least 85% Indians. The credit, which focuses on job creation, would be allowed only for the first seven years of an Indian's employment.

These complementary investment and employment credits would be available directly to the private sector employer, and do not entail the establishment of a new governmental bureaucracy. Even more importantly, these programs only cost the Federal government if they work. In that event, increased Federal revenues from increased employment—along with the anticipated decrease in public assistance payments—should render these proposals, at worst, revenue neutral.

CONCLUSION

The Navajo Nation recognizes the extraordinary difficult task facing this Committee

as it weighs various proposals and attempts to fashion broad-ranging national policies that can help to revive the United States economy. On the other hand, I respectfully ask the Committee to recognize the seriousness of the unemployment problem in Indian country, and the urgency with which it must be addressed.

This year's tax bill provides Congress a unique and timely opportunity to move along a different path to promote Indian country economic development. That path—federal tax incentives—lies within this Committee's jurisdiction. In this, the Congressionally-designated "Year of the American Indian" (P.L. No. 102-188), I urge the Committee to incorporate within its revenue package these modest—but extremely important—tax incentives, so that American Indians are not once again left behind, or left out altogether.

As President Zah has stated:

Helping American Indians to help themselves is neither a Democratic issue nor a Republican issue; it's not a conservative policy or a liberal policy; it's not even a "special interest" issue. Rather, it is a "human" issue that must, and deserves to be, addressed from a national perspective on a bipartisan basis, and with a real sense of urgency warranted by the deplorable conditions existing in Indian country—conditions which truly are a national disgrace.

I thank the Committee for its consideration of these issues that are so important to Indian country, and I strongly urge the Committee to adopt the Navajo Nation tax incentives proposal. These incentives will help level the playing field by providing tribal governments and Indian country business planners with additional tools to compete for the private sector investment and jobs that are so critical to the well-being of our people.

STATEMENT OF PETERSON ZAH, PRESIDENT OF THE NAVAJO NATION

My name is Peterson Zah, and I am the elected president of the Navajo Nation, the country's largest Indian tribe. The Navajo thank you, Mr. Chairman, and Members of the Committee, for this opportunity to testify at these important hearings. I also want to express our great appreciation to Senator DeConcini for his personal efforts on our behalf that led to this opportunity to present testimony on an issue of critical importance to all of Indian country. In addition, I want to acknowledge and thank Chairman Inouye, Co-Chairman McCain and the Members of the Select Committee on Indian Affairs for their traditional support and encouragement, including their tireless efforts over the years to promote Indian country economic development. The Navajo proposals which I discuss below draw heavily upon various legislative initiatives that were introduced in the past by those two distinguished Members, and that enjoyed strong bipartisan support among the Members of Senate Select.

INTRODUCTION

The Navajo reservation is the largest in the United States; along with Tribal fee and other non-trust lands. Navajo country covers almost 28,500 square miles within the States of Arizona, New Mexico and Utah. This land area is nearly the size of New England.

However, the current economic downturn in New England pales in comparison to economic conditions prevalent in the Navajo Nation and throughout Indian country. For example, the Navajo unemployment rate ranges from 38% to 50%, depending on the season. Even worse conditions exist elsewhere in Indian country throughout the United States. As Chairman Daniel K. Inouye reported during the Senate Select Committee's 1989 hearings on Indian economic development:

The unemployment rate on the majority of Indian reservations is simply incomprehensible to the average American. During the height of the so-called Great Depression in the 1930's, unemployment averaged 25 to 30%. In 1989 the average rate in Indian country is 52%!

Just last July, Senator Inouye explained in hearings before the House Committee on Ways and Means Subcommittee on Select Revenue Measures that "[o]ne thing links almost all of these [Indian] groups: Alarming rates of unemployment that range from an average of 56% to a high of 97%; a lack of economic infrastructure, and all of the associated problems that plague any chronically-depressed community."

Surely during these economic hard times in America there are many people who are hurting—but just as surely, there is no single segment of our society that is hurting worse than the American Indian.

This Congress just over two months ago, designated 1992 the "Year of the American Indian" (P.L. No. 102-188). This Committee has the opportunity to help make good on that commitment in a way that can begin to address the "incomprehensible" unemployment levels throughout Indian country.

DISINCENTIVES TO INVESTMENT IN INDIAN COUNTRY

One of the highest priorities of my Administration is economic development. The Navajo Nation has a large workforce, rich natural resources and a sophisticated, three-branch government. However, there are a variety of obstacles—endemic to investing on reservations—that have prevented the Navajo economy and other Indian country economies from getting their fair share of the business and jobs in this country.

First and foremost is the lack of infrastructure. For example, we have only 2000 miles of paved roads on the reservation itself. In contrast, West Virginia, which is roughly the same size as the Navajo reservation, has approximately 18,000 miles of paved roads. Many of the dirt roads on which our people heavily depend are simply impassible when the weather is bad. Even something so basic as telephone service is lacking in Indian country; over half of all reservation Indian households lack basic telephone service.

Another disincentive to economic development is the growing problem of "double taxation," wherein States increasingly are assessing taxes on non-Indian business activities permitted by, and occurring wholly on, Indian lands. As I explained to House Ways and Means last July:

The double taxation interferes with our ability to encourage economic activity and to develop effective revenue generating tax programs.

We find it especially hard to attract business to the reservation unless we make concessions that nearly defeat the purpose of wanting to attract business to the reservation in the first place.

These infrastructure deficiencies and other problems lead to the same result nationwide—Indians do not compete on a level playing field with even the most economically distressed non-Indian areas and, as a result, are typically left behind, or left out altogether, from economic development opportunities. To help level that playing field, and to provide tribal governments and Indian country business planners with additional tools to compete, the Navajo Nation believes that new approaches must be tried.

NAVAJO NATION TAX INCENTIVES PROPOSAL

In particular, the Navajo urge that federal fiscal policy recognize the need to provide the private sector with incentives for investing in job-creating ventures in Indian country. The Navajo Nation believes that federal tax incentives are the mechanism for such a new approach, and that this year's tax bill is the perfect vehicle.

There are many reasons why tax incentives make sense. For example, in those same Ways and Means hearings last July, Senator Inouye was joined by Senator John McCain, Co-Chairman of the Select Committee on Indian Affairs, who explained:

I believe for several reasons that a strategy of tax incentives * * * is the most effective way that the federal government can act to stimulate reservation economic development. Tax incentives do not depend for their effectiveness on the actions of federal bureaucracies that are often slow moving and unimaginative. The incentives are usable only by viable businesses that expect to earn some profits and hence to have tax obligations against which credits and deductions can be used to diminish their tax obligations. The federal government therefore does not spend anything until a real business is created on a reservation and there exist real jobs and real income generated for the benefit of reservation residents. Unlike direct spending programs, if there is no benefit, there is also no cost.

In other words, tax incentives of the type that the Navajo propose only cost the Federal government if they work, in which case they will be inducing the type of economic activity necessary to attack the deplorable unemployment situation in Indian country.

First, the Navajo Nation proposes an investment tax credit ("ITC") targeted to Indian country. This so-called "Indian reservation credit" is geared specifically to reservations where Indian unemployment levels are unconscionable—the credit being limited in its applicability to reservations having an unemployment rate exceeding the national average by at least 300%.

The Indian reservation credit offers a higher percentage credit for investment in Indian country than would otherwise be available under a nationwide ITC, should one be adopted. No matter what type of tax strategy is ultimately adopted, this type of differential for Indian country is absolutely essential in order to help mitigate those unique problems associated with investing in Indian country—particularly the lack of infrastructure—which are not commonly shared by other economically depressed areas. Without such a differential, an ITC (or, for that matter, any other tax incentive that might be made applicable to both Indian and non-Indian lands) would essentially be useless for reservation economic development. This is so because Indian country—both historically Americans take for granted, meaningful measures to help bring investment and jobs to Indian country also address basic questions of human dignity.

Indeed, helping American Indians to help themselves is neither a Democratic issue nor a Republican issue; it's not a conservative policy or a liberal policy; it's not even a "special interest" issue. Rather, it is a "human" issue that must, and deserves to be, addressed from a national perspective on a bipartisan basis, and with a real sense of urgency warranted by the deplorable conditions existing in Indian country—conditions which truly are a national disgrace.

I thank the Committee for its consideration, and I respectfully urge that the Committee include in the revenue package now under review the modest—but extremely important—tax incentives proposed by the Navajo Nation to promote economic development and jobs for all of Indian country.

INVESTMENT AND EMPLOYMENT TAX CREDITS FOR AMERICAN INDIAN RESERVATIONS: AN ANALYSIS OF BENEFITS AND COSTS

(Prepared for the National Indian Policy Center, the George Washington University)

(Prepared by William L. Stringer, Economic and Financial Consultants)

William L. Stringer is President of Economic and Financial Consultants, a Washington, D.C. based public policy consulting firm. He attended the University of Kansas for his undergraduate education and Oklahoma State University for graduate work and since then, has taught economics and finance at various universities. He served as Chief Economist of the United States Budget Committee and as Assistant to the Chairman of the Federal Home Loan Bank Board. Subsequently, he was Deputy Treasurer and Acting Treasurer of the State of New Jersey. He was Partner and Senior Vice President of the American Capital Group, a public finance advisory firm operating out of Philadelphia and was Vice President of Chambers Associates, a Washington, D.C. based public policy consulting firm. He presently is on the graduate faculty of the Fels Center for Government at the University of Pennsylvania in Philadelphia and provides independent private consulting in matters relating to economics and finance from his office in Washington, D.C.

(The George Washington University Center for Native American Studies and Indian Policy Development. The National Indian Policy Center Planning Office was established by congressional initiative and authorized by Public Law 101-301. The legislation, supported by a number of tribal leaders, provided for a Policy Center planning office to be located at George Washington University in Washington, D.C. The Policy Center is undertaking a year-long consultation with American Indian and Alaska Native governments and individuals to develop the purpose, structure and function of a research and analysis institution of social, economic and legal policy development on Native issues. The ultimate goal of the consultation process is to develop a final report on the feasibility study that will serve as a framework for federal authorizing legislation in the 102nd Congress.

(The National Indian Policy Planning Office operates under the direction of a Planning Committee comprised of nationally prominent tribal leaders and representatives of major Indian organizations. Recommendations and support are not limited to Native government and national organizations; individuals are also invited to participate in the development of the Center.)

"In Indian country, developing reservation economies is viewed as the path to developing self-sufficiency, decreasing the dependency that is so destructive of reservation societies, and improving the overall quality of life on reservation, thereby preserving Indian societies and cultures."[1]

Purpose: For a number of years, Congress and public interest groups have considered the provision of a number of tax incentives targeted to Indian reservations and reservation enterprises. It is the view of many experts, political leaders and tribal leaders that such tax incentives can attract industry and capital, expand existing industry, and make reservation enterprises vital and permanent employers within Indian country. Indian advocates in the Congress and tribal representatives have repeatedly attempted to secure such provisions. Congress has responded with numerous Federal payment and support programs but has failed to provide the type of incentive which would promote self-sufficient enterprise growth.

The 1992 Economic Stimulus Initiative, currently under consideration by the U.S. Congress, provides a unique and unprecedented opportunity to enact an Indian Investment Tax Credit and Indian Employment Tax Credit. Such a program of investment and employment incentives is an essential ingredient needed to solve the chronic economic problems of Reservation Indians. Although the Navajo Tribe has been primarily responsible for initiating consideration of the Tax Credits, they are policies which would benefit every Indian Tribe throughout the country, including those Tribes (primarily in Oklahoma) who depend upon enterprises established on Indian Trust properties.

This brief research and background paper was assembled to provide analytical support for the Indian Tax Credit initiatives. The paper, first, illustrates the overwhelming need for policy action and provides evidence that a broad macroeconomic stimulus package without programs specifically targeted to the Indian Reservation economy will do little to improve their economic plight. Second, the paper provides what data is available to assess the costs and benefits of the two tax credits. The credits will not be applicable in every investment and employment circumstance on reservations or trust lands. Nevertheless, because of conditions unique to Indian country, carefully targeted package of tax incentives for all reservation based investments and employers would have a significant impact on Tribal economies and employment, and would do so at negligible cost to the Federal Treasury.

THE POOR LIVING CONDITIONS OF AMERICAN INDIANS ARE CLOSELY TIED TO THE UNEMPLOYMENT PROBLEMS.

For as long as the statistics have been gathered, unemployment rates among American Indians has been staggering. If one also considers the degree of discouraged workers and the fact that Indian unemployment reflects the status of families' primary wage earner, the devastating social impact can be more fully appreciated.

The 1980 Census indicated that 14 percent of Indian reservation households had incomes under $2,500—three times the proportion of all U.S. households. Forty five percent of reservation Indians lived in households with incomes below the poverty level. One quarter of reservation households were receiving food stamps and one of every seven Indian households were receiving some other form of public assistance.[2] It was also reported by the 1980 Census that 21 percent of reservation Indian households had no indoor toilet facilities; 16 percent did not have electricity; and 54 percent did not have central heating. The cycle of poverty has its roots both in the extent of unemployment on reservations and trust lands as well as in the types of employment that are available.

In 1989, a year in which the average unemployment rate among all Americans was 5 percent, the unemployment rate among American Indians was 40 percent. The unemployment rates on thirteen reservations sampled by the Bureau of Indian Affairs using the definition of employment defined by the Bureau of Labor Statistics of the US Department of Labor (over age 16 and actively in the labor force) are shown in Table 1:[3]

TABLE I.—*Reservation Unemployment Rates 1989*

	Percent
White Mountain Apache	11
Cochiti Pueblo	10
Salish and Kootenai (Flathead)	20
Northern Cheyenne	48
Muckleshoot	50
Lummi	46
Mescalero Apache	52
San Carlos Apache	51
Yakima	61
Oglala Sioux (Pine Ridge)	61
Hualapai	45
Crow	67
Rosebud Sioux	90
All Reservation Indians	40
United States (all races)	5

It should be emphasized that these numbers use the BLS definition of unemployment. Only those individuals who indicate that they have been looking for work within the most recent four weeks are counted as unemployed. A more useful definition might be to estimate all Indians presently working as a proportion of those who might wish to work. Such estimates would include the so-called "discouraged worker". Estimates of Indian unemployment using this technique would be significantly higher. In 1989, the Select Committee on Indian Affairs indicated that Indian unemployment was 52 percent of the potential workforce.

Unemployment on reservations (using the BLS definition) is understated even more than the total US unemployment number. A 1987 survey in Oklahoma revealed that the labor force participation rate for Indians 16 years of age and older was 55.7 percent. The current participation rate for all Americans of working age is 66.1 percent. Even so, the proportion had increased from the 36.3 percent that had participated in the labor force in 1960. Less than half, 41.5 percent of all Indian females were in the labor force, while for Indian males the figure was 61.0 percent. Comparable figures for all Americans of working age today is 57.6 percent and 75.3 percent for women and men respectively.

THE UNEMPLOYMENT PROBLEM CANNOT BE CURED BY STANDARD ECONOMIC STIMULUS POLICIES

Although the economic downturn has exacerbated the already abysmal employment relating to Native Americans, the problem is a structural one and not a problem which will be cured when the U.S. economy rebounds. This is because economic growth and recov-

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[1] Red Willow Institute, *Applicability of Federal Tax Incentives to American Indian Reservations*, Foreword to a report prepared for the National Indian Policy Center, Washington, D.C., June 21, 1991, p. iv.

[2] US Department of the Interior, "Report of the Task Force on Indian Economic Development," Washington, D.C., 1986. Cornell, Stephen and Joseph P. Kalt, "Pathways from Poverty: Economic Development and Institution-Building on American Indian Reservations", Malcolm Wiener Center for Social Policy at Harvard University, Cambridge, Massachusetts, December, 1989, Snipp, C. Matthew, *American Indians; The First of This Land*, Russell Sage, New York, 1989.

[3] Cornell, Stephen and Joseph P. Kalt, "Pathways from Poverty: Economic Development and Institution-Building on American Indian Reservations", Malcolm Wiener Center for Social Policy at Harvard University, Cambridge, Massachusetts, December, 1989, p. 5.

ery affects pockets of unemployment differently.

Historically since 1966, a 3 percent closing of the "gap" between potential and actual real Gross National Product has been accompanied by a 1 percentage point decrease in the rate of unemployment. This relationship has held, more or less, until the unemployment rate has reached about 4% (so-called "full employment"). This rule of thumb, named "Okun's law" after Nobel prize-winning economist Arthur Okun, has held for the economy in total but has not been consistent among segments within the economy. Estimates are provided in Table II below for various components of the labor force:

TABLE II.—*Responsiveness of Unemployment to Economic Growth*

[Reduction in gap required to reduce segment's unemployment rate 1 percentage point [4]]

Workforce segment:	*Percent*
	Percent
Married males	2.20
Females	2.94
Nonwhite	4.80
Teenage	5.56
Teenage males	6.02
Teenage females	4.54
Teenage nonwhite	10.10
American Indian	19.90

[4] Data for all segments except American Indian are from quarterly data reported by the Bureau of Labor Statistics 1966–1991. American Indian data, using the BLS definition is from data supplied by the Bureau of Indian Affairs for the years 1976–1991.

These results clearly indicate that an acceleration of economic growth through stimulative fiscal and monetary policies alone is not sufficient to reduce the unemployment rate to desirable levels among some labor force segments, most certainly the American Indian segment.

OTHER FEDERAL PROGRAMS MUST CONTINUE AND EXPAND, BUT THEY AIM AT OTHER GOALS

To reduce economic suffering, other federal programs must continue, but to permanently reduce overall unemployment they will have to be supplemented with policies designed specifically to enhance capital investment and targeted employment. Existing governmental sources of capital support are reduced due to the need for matching capital, competition from other more established businesses and the small size of the programs relative to need. Furthermore, the speed with which the grants, loans and payments can be implemented is relatively slow and has little impact on cyclical problems. The SBA loan program and the Department of Commerce Loan Guarantees for Business Development have been greatly curtailed in recent years. Bureau of Indian Affairs programs, such as the Business Enterprise Development Program, constitute a minute portion of need.

Amounts budgeted as contract authority for Indian related economic development programs (or those programs which might be construed as directly contributing to development of Indian businesses) are provided in Table III, on the following page. These programs are valuable. Over time, they should be more carefully targeted and expanded. But, they prepare the worker, provide guidance to the Indian businessman, and directly employ without enhancing the basic return to capital that would enhance Indian enterprise and make it, eventually, self-supporting.

The type of employment engendered by Federal spending has not been the type that jump-starts economic development generally. "Perhaps more revealing of the economic problems of reservations is the structure of the employment that does exist. Most reservation economies are heavily dependent on the 'transfer' economy, i.e., tribal or federal governmental transfer or other public-assistance programs. This can be distinguished from employment in productive enterprises (private and public) which add output to tribal economies. According to the 1980 Census, 59% of all reservation employment was in the transfer economy in 1979, compared to approximately 17% for the U.S. as a whole."[5]

[5] Cornell, Stephen and Joseph P. Kalt, "Pathways from Poverty: Economic Development and Institution-Building on American Indian Reservations", Malcolm Wiener Center for Social Policy at Harvard University, Cambridge, Massachusetts, December, 1989, p. 7. They, in turn, cite A. David Lester, "Transitions in Tribal-Federal Relations, 1989–1993", Council of Energy Resource Tribes, unpublished, 1988.

TABLE III.—FEDERAL PROGRAM TO PROMOTE INDIAN ENTERPRISES [6]

	Fiscal year—	
	1990	1991
Department of the Interior:		
Bureau of Indian Affairs:		
Economic development and employment programs	14,096,000	14,595,000
Technical assistance to Indian enterprise	0	796,000
Indian business development grants	6,907,259	6,905,000
Indian credit program		
Direct loans	11,130,875	8,700,000
New loans guaranteed	59,132,555	44,370,000
Bureau of Reclamation: Loans program	67,000	0
Other programs: Indian arts and crafts development	912,000	925,000
Department of Health and Human Services: Jobs program	2,991,550	6,263,000
Department of Labor: Native American employment and training	58,200,000	59,600,000
Department of Commerce:		
Economic Development Administration	2,694,000	2,835,900
Minority business development—American Indian	1,495,000	1,495,000
Department of Transportation: Indian Reservation Roads	78,600,000	80,000,000
Small Business Administration: Contract awards	263,208,282	278,304,350

[6] Table III is extracted from Stringer, William L., "The Economic Impact of Tribal Tax and Expenditure Programs in the State of Oklahoma", a paper prepared for the George Washington University Center for Native American Studies and Indian Policy Development in conjunction with the Oklahoma Indian Affairs Commission and Charles W. Blackwell, January, 1992.

INDIAN BUSINESSES HAVE TRADITIONALLY BEEN IN LOW-WAGE, LOW CAPITAL INDUSTRIES

It has only been in recent years that Tribal businesses have begun to move into areas requiring greater capital investment. A 1987 survey in Oklahoma concluded that:[7]

[7] See Abudu Green, Margaret, K.W. Olson, I.M. Hayden and K.J. Selland; *Report on the Economic Impact of American Indians in the State of Oklahoma;* Prepared by the Southwest Center for Human Relations Studies at the University of Oklahoma; May 1987.

The concentration of Indian-owned firms was in the construction industry (36 percent compared to 9 percent for all Oklahoma businesses). Furthermore, the concentration of Indian-owned business in the business and repair service and in the professional and related service sectors was almost twice as high as the concentration of non-Indian owned businesses in the state.

Measured by the number of employees per firm, Indian-owned firms were significantly larger than all Oklahoma firms in the areas of agriculture, forestry and fisheries and construction. These areas constituted nearly 75 percent of an Indian employment. Indian employment was significantly smaller in the areas of mining, transportation, communications, public utilities and retail trade—those areas which require greater proportions of capital to labor.

"Construction and manufacturing account for 77.9 percent of all gross sales of Indian-owned businesses. Wholesale trade accounted for 12.9 percent and all other business sectors accounted for only 9.3 percent of the total gross sales by Indian-owned businesses. By the same token, payroll as a percent of sales was significantly less for Indian-owned firms than for all firms in Oklahoma in construction, manufacturing and wholesale trade. This would suggest either that labor is used less than capital (which is not borne out by other evidence) or that there are lower wages in Indian-owned businesses than in non-Indian owned businesses in the same sectors."

Table IV, derived from data developed by the U.S. Census Bureau for the 1982 Survey of Minority-Owned Business Enterprises: Asian Americans, American Indians, and Others provides insight into the types of businesses presently Indian-owned:

TABLE IV

Industrial activity	Indian firms with paid employees			Indian firms without paid employees		All Indian firms		
	Number of firms	Average number employees	Average gross sales	Number of firms	Average gross sales	Number of firms	Percent of total	Average gross sales
Agricultural, services, forestry, and fishing	731.8	93,932	2,745	6,058	2,818	19	8,332	
Mining	12	3.2	395,667	60	59,967	72	0.5	115,917
Construction	274	3.3	201,701	1,552	18,541	1,826	12	46,025
Manufacturing	68	19.9	1,095,456	246	13,862	314	2	248,092
Transportation and public utilities	79	2.9	221,165	500	28,144	579	4	54,480
Wholesale trade	29	4.5	628,105	61	39,180	80	0.5	179,050
Retail trade	445	3.5	248,501	2,657	20,639	3,102	21	53,327
Finance, insurance, and real estate	27	2.2	185,667	280	9,039	307	2	24,573
Selected services	382	6.6	223,636	3,897	13,630	4,279	29	32,378
Other industries	84	1.7	164,440	1,381	16,860	1,465	10	25,322
Total all industries	1,462	4.9	$279,081	13,382	$17,840	14,843	100	$43,570

Source: United States Census Bureau; 1982 survey of Minority-Owned Business Enterprises: Asian Americans, American Indians, and Others.

INVESTMENT AND TAX CREDITS WOULD TEND TO AUGMENT CAPITAL AND REDUCE UNEMPLOYMENT

In previous work, three general problem areas have been identified as roadblocks in the path to achieving sustained growth of employment opportunities on Indian Reservations and Trust lands: control management and capital.[8] Although no single policy will resolve any one of three problems, it is clear that a targeted package of policies must be created specifically for the unique set of problems facing American Indians.

Two types of tax credit are proposed for investment and employment on Indian Reservations and Trust lands. A capital or labor tax credit effectively lowers the after tax cost of capital or labor in a targeted type of investment, employment or geographic area. By decreasing capital or labor costs, the flow of capital to the targeted area is encouraged.

The proposed Indian Investment Tax Credit (ITC), the so-called "Indian Reservation Credit", is targeted to Indian country, and specifically to reservations or sites near Trust lands, where Indian unemployment levels are at least three times the national average. This would presently include most reservations and trust lands. The provisions allows a tax credit (deduction in full from pre-credit tax liability) of a stated percentage of qualified investment placed in service during the taxable year. The credit is 25 percent of the investment in reservation personal property (in association with a trade or business—and not real property), 33⅓ percent of new reservation construction property and 33⅓ percent of reservation infrastructure investment.

The proposed Indian Employment Tax Credit (ETC) would be available to employers on reservations or trust lands. The credit would equal 10 percent of the wages paid (including certain health care costs) during the taxable year and 30 percent in cases where the employer has at least 85 percent Indian employees. The employer would be eligible for the credit for up to and including seven years of employment of the same employee.

The Investment Tax Credit should be viewed as a somewhat longer run policy to alter the structure of Indian owned businesses and to alter the nature and extent of structural unemployment on Reservations. The Employment Tax Credit, on the other hand, should be viewed as a policy which would have more immediate impact on reducing Tribal unemployment rates. Either tax credit can be viewed as in incentive to hire or invest both in the sense that it reduces the effective tax rate to the recipient employer and increases the rate of return on investment in capital or labor. The ITC is, of course, enhanced by more accelerated asset depreciation although its impact on the effective tax rate, given the same percentage of application, is much greater.[9] A simple example will suffice to illustrate the basic concept:

"If a piece of machinery or infrastructure requires a one-time payment of $9,000 at the beginning of a year, and provides a cash flow of $1,300 for each of the next ten years (the useful life of the equipment), then the pre-tax rate of return on that investment is 7.31 percent. Of course the after-rate of return would be less, because the income stream produced by the investment would be reduced by the annual tax rate times the incremental annual increase in revenue caused by the investment (less any depreciation allowance). If the going rate of interest on the money used for the investment were 8 percent annually, then the investment in the equipment would not be made. If, however, a 33⅓ investment tax credit were allowed in the first year then the pre-tax return on investment would grow to 15.49 percent, because $3,000 (⅓ of $9,000) would be recaptured as a tax credit at the end of the first tax year. Again, the after-tax rate of return would be reduced by the tax liability (less the depreciation allowance) on the income flow occasioned by the investment. By analogous reasoning, the Employment Tax Credit will enhance the return to the employer of hiring additional units of Indian labor."

Because of the concentration of Tribal employment in labor intensive, low wage industries:

(1) Tribal employment is particularly susceptible to cyclical downturns in the economy. Thus, any policy which would shift Tribal industry to greater capital intensity would reduce cyclic volatility.

(2) The Employment Tax Credit would have an immediate impact on employment levels. The industries affected have relatively large employment and income multipliers which would tend to cause tax expenditure increases and reductions in entitlement payments beyond what they would otherwise be.

By using the U.S. average capital to labor ratio in the industries with concentrations of Indian workers, one can estimate that the at least six and one half billion of investment would have to be induced to employ the unemployed Indian workers for the duration of their working years—about $36,600 per unemployed Reservation Indian worker. Applying the prevailing capital to income ratio to the income gap between Indians and the general population, it would require an investment of about twelve billion, or about $67,600 per unemployed American Indian. "Tangible real capital owned by Indians, plant, equipment, and inventories would have to increase that much from its current level to get Indian incomes and jobs up to national standards."[10] The proposed Indian targeted ITC and ETC would have nowhere near the required impact, but it would be a significant step.

[8] See, for example, the testimony of Ronald L. Trosper before the Select Committee on Indian Affairs, United States Senate, Washington, D.C., April 9, 1987, U.S. Government Printing Office, Document 75-649, 1987, p. 78. Trosper cites findings of Task Force Seven of the American Indian Policy Review Commission.

[9] See, for example, Congressional Budget Office, Revising the Corporate Income Tax, Congress of the United States, Washington, D.C., May, 1985, pp. 89-91

[10] The technique follows that of Ronald L. Trosper before the Select Committee on Indian Affairs, United States Senate, Washington, D.C., April 9, 1987, U.S. Government Printing Office, Document 75-649, 1987, pp. 87-88. In this instance, Trosper cities a 1986 Compendium published by the Select Committee on Indian Affairs of the United States Senate.

THE NATURE OF INDIAN BUSINESSES, THE REDUCTION OF ENTITLEMENT PAYMENTS TO TRIBAL MEMBERS AND ECONOMIC MULTIPLIER EFFECTS, MAKE THE COST OF THE CREDITS MINIMAL AND, PERHAPS, NEGATIVE

Because of (1) the structural nature of Tribal unemployment, (2) the fact that Tribal businesses generally operate in geographically isolated areas, and (3) because potential employment would occur in companies with little excess capacity Tribal unemployment would uniquely benefit from either an investment tax credit, an employment tax credit, or both. And, because of these factors, the cost to the U.S. is minimal or even negative.

Direct Costs of the Employment Tax Credit: The 1990 Census counted 1,957,191 American Indians in all 50 states. If seventy five percent of those are over age 16, and 55 percent of these were in the labor force, then a 40 percent unemployment rate would imply that 322,937 Indian workers were unemployed. If 55 percent of these unemployed workers would otherwise depend on employment on reservations or trust land, then 177,615 Indian workers stand to directly benefit from the two tax credits.

If all 177,615 were hired as a result of the proposed Indian Employment Tax Credit at an average wage rate of $8.00 per hour; and one half of those employed were employed by firms having employment of at least 85% Native Americans; then the immediate revenue loss—without accounting for reduced entitlement payments and unemployment compensation, taxes levied against the wage earner, additional taxes garnered as a result of enhanced output and various multiplier effects—the cost of the U.S. Treasury would be in the nature of $591.2 million.

Of course, one would not expect anywhere near full employment of the unemployed Indian worker as a result of the ETC. For one reason, manufacturing firms located on Indian Reservations, the largest employer (as can be seen from Table IV) do not pay Federal taxes and, therefore, could not avail themselves of the credit. At the same time, there would be no additional costs to the Treasury for manufacturing firms. Under the same assumptions, with 10 percent participation, as seems reasonable, the Treasury direct loss would be $59 million. Indirect benefits would be marginally higher wages and sustained employment within permanently viable firms.

Direct Costs of the Investment Tax Credit: In 1990, expenditures by tribally owned and Indian owned businesses in the State of Oklahoma (having 12.8 percent of the total U.S. Native American population) were estimated to be $565 million (wages, investment in property, equipment and wages).[11] If fifteen percent of that spending were on investment in ITC qualifying personal property, construction property, and infrastructure; and, if Tribes in the other 49 states spent similar amounts in proportion to their population; then total qualifying Indian investment in 1990 would have been about $659.9 million.

Even if every dime were applied as a 33⅓ percent credit—without accounting for reduced entitlement compensation, taxes levied against the equipment supplier, additional taxes garnered as a result of enhanced output and various multiplier effects—the tax loss would be $217 million. In reality, because of the nature of Indian and tribally owned businesses and the general economic condition of the tribal economy, the immediate, first round, loss would be considerably less.

Direct Entitlement Program and Tax Offset: Whereas the credits have a duration of one year in the case of the ITC, or seven years in the case of the ETC, the flow back to the Treasury of reduced entitlement payments, unemployment compensation, and tax revenue would continue over the useful life of the equipment, or the employment period of the worker. The repayment flow to the Treasury can, thus, compensate the Treasury many times over for the original investment. An accurate assessment would require a calculation of the present value of costs to the Treasury (one year in the case of the ITC and seven years in the case of the ETC) less the present value of all entitlement and increments to tax payments over the lifetime of the worker.

In testimony before the Select Committee on Indian Affairs of the United States Senate, Ronald Trosper outlined the calculus which gives rise to the above conclusion:[12]

"In 1986 the Interior Department's Task Force on Indian Economic Development collected data on the costs of AFDC, Food Stamps, commodities, and general assistance on a state-by-state basis, using the actual rules in practice. They also examined income tax payments under the prevailing tax rates. They computed that an investment of $10,000,000 which created jobs for 300 unemployed heads of households would lead to a combination of tax receipts and welfare savings for the federal government and for states that would amount to approximately $1,769,000 per year. On an investment of ten million dollars, that gives an accounting rate of return of 17.6 percent per year. The economic rate of return would be higher, because there would be increased profit and wage income as well."

The following example illustrates the reflows associated with employment of an otherwise unemployed Tribal household.

"A family of 2 unemployed adults with 2 children annually receives approximately $3,500 in Native American General Assistance and $3,500 in food stamps, and may, additionally, pay $1,000 per year for subsidized housing. If one parent obtains a job providing effective compensation of $8.00 per hour, after-tax annual income would be $14,900. But the Federal government no longer pays to the family nearly $7,000 in benefits. In addition, the housing rent can justifiably increase to about $4,000. Thus the $16,640 of pre-tax income is reduced $7,000 by the elimination of entitlement payments, $3,000 for housing payments, and about $2,800 of income tax and FICA taxes."

In the above example, which is typical of many Reservation Indians, the worker exchanges an effective $10,000 welfare income for a $14,900 working income—but the federal government increases its tax revenue and reduces its out-of-pocket expenses for this year and, presumably, for each subsequent year by an amount of $12,800. If the inducement were the Indian Employment Tax Credit, then the Treasury tax-credit revenue loss, at most (the 30 percent category), was $4,499 for return of $12,800 for each year of work.[13]

Indirect Multiplier Offsets: The net stimulus to the local economy would be equal to the difference between the government payments prior to employment and the worker's income after employment—$4,900 in the above example. This stimulus, in turn, would be spent a number of times over, giving rise to a certain "multiplier effects". To the extent that business activity were simply moved from a non-Reservation place of business to a Reservation business, the overall macroeconomic impact would be negated. However, the isolated nature of Indian business and the closed nature of the businesses causes the substitution to be much less likely.

The Bureau of Economic Analysis of the US Department of Commerce has estimated the multipliers for each industrial category for each of the fifty states. Although a complete multiplier analysis is beyond the scope of this paper, an additional $4,900 earned by each of 177,615 unemployed, Reservation-oriented, Tribal members, using an earnings multiplier of about .75 (in line with estimates of the Department of Commerce model) would enhance the Federal Treasury by about $117.5 million.

SUMMARY AND CONCLUSIONS.

This brief report, aimed at supporting the Indian Tax Credit initiative of the Navajo in conjunction with Congressional examination of the Tax Stimulus Initiative, has underscored the pressing need for tax policies designed to stimulate growth of Reservation and Trust land enterprises. Deepening of capital intensity through the Indian Investment Tax Credit is a technique to foster both short and longer term growth. Employment of Native Americans, suffering from unemployment rates averaging 40 percent of the work force, would benefit in a much shorter time frame from enactment of an Indian Employment Tax Credit. Both credits are needed to counter the bleak short and long term outlook for American Indian employment. Standard fiscal and monetary policies to stimulate overall U.S. economic growth will have little effect on the employment and living conditions of American Indians unless they include programs which are targeted to the benefit of the American Indian.

Six to twelve billion dollars of capital investment would be needed to eliminate all unemployed Native Americans. On average, 40 percent of the Indian workforce is unemployed and a far greater number is underemployed and have dropped out of the labor force.

Existing Federal programs are meager compared to the level of need and, although useful to meet other goals, and not geared to making Indian businesses self sustaining generators of employment opportunity. This paper identified 13 Federal programs designed to assist Tribal enterprise, but none provide the type of sustained support inherent in a Tax Credit policy.

Tribal employment is particularly susceptible to cyclical downturns in the economy. Thus, any policy which would shift Tribal industry to greater capital intensity would reduce cyclic volatility. The Employment Tax Credit would have an immediate impact on employment levels.

Even if the Employment Tax Credit were used to hire every unemployed and qualify-

[11] See Stringer, William L., "The Economic Impact of Tribal Tax and Expenditure Programs in the State of Oklahoma," a paper prepared by the George Washington University Center for Native American Studies and Indian Policy Development in conjunction with the Oklahoma Indian Affairs Commission and Charles W. Blackwell, January, 1992.

[12] Ronald L. Trosper before the Select Committee on Indian Affairs, United States Senate, Washington, D.C., April 9, 1987, U.S. Government Printing Office, Document 75-649, 1987, pp. 87-89.

[13] This example is updated from an example provided by Eric Rice in Hearings before the Select Committee on Indian Affairs of the United States Senate, May 1, 1990, "Indian Economic Development; Indian Employment Opportunity Acts of 1989; and the Supreme Court's Decision in Cotton Petroleum Corp. v. New Mexico", Government Printing Office, Washington, D.C., 1990, p. 90.

ing Native American, the one-year direct costs to the U.S. Treasury would be only $591.2 million—$3,328 per unemployed American Indian. At best (given the history of the targeted employment tax credit enacted in 1978) the employment credit could be used to employee 10 percent of the eligible population, meaning that the cost to the Treasury (prior to accounting for offsets) would be $59 million.

Even if all investment made by Tribes or Indian owned business was eligible for the Investment Tax Credit the loss to the U.S. Treasury would be about $217 million. Because many investment opportunities on Indian Reservation cannot use the Investment Tax Credit, and because of overriding economic considerations, it is more likely that 15 percent or less of the potential tax expenditure would be drawn upon. This would mean a cost of the Treasury (prior to accounting for offsets) of about $32.6 million.

The revenue loss would be more than made up for by reduced General Assistance payments, reduced Food stamps, increased rental payments for subsidized housing, increased income tax payments and increased FICA payments. For a household of two nonworking parents with two children there is a reduction in the U.S. Budget deficit of $12,800 (to net against the $3,328 paid under the Employment Tax Credit, for example). Multiplier effects would add an additional $117.5 million to the U.S. Treasury. And, most importantly, these amounts would accrue year after year, whereas the costs are for one year, in the case of the Investment Tax Credit, or for seven years, in the case of the Employment Tax Credit.

By Mr. KENNEDY (for himself, Mr. BRADLEY, Mr. SIMON, Mr. DURENBERGER, Mr. BINGAMAN, and Mr. FOWLER):

S. 2255. A bill to amend part D of title IV of the Higher Education Act of 1965 to provide for income dependent education assistance; to the Committee on Labor and Human Resources.

INCOME DEPENDENT EDUCATION ASSISTANCE

Mr. KENNEDY. Mr. President, today, on behalf of Senators BRADLEY, SIMON, DURENBERGER, BINGAMAN, FOWLER, and myself, I am introducing legislation to enable college students to obtain an additional form of assistance to pay for their education.

The legislation is based on the principle of student loans that would be obtained directly from the Federal Government, and that would be repaid through the tax system in reasonable amounts over the course of the student's future working career. The idea is not new, but it is receiving new interest because of the high cost of college education.

As far back as 1954, Milton Friedman noted that such a plan would help students obtain the resources needed to invest in their future and develop their full potential.

In the 1970's, in a far-reaching proposal that gave new momentum to the concept, President John Silber of Boston University called for the establishment of a Federal revolving loan fund, called the tuition advance fund, which would combine direct Federal lending to students with income-contingent repayment. Under this proposal, borrowers would repay, depending upon their economic success after they left college.

Working with Dr. Silber, I introduced this idea as Senate legislation in 1978. A year later, Republican Senator Henry Bellmon of Oklahoma and I introduced a direct student loan program with some impressive support—including Senators Howard Baker, THAD COCHRAN, JOHN DANFORTH, PETE DOMENICI, JESSE HELMS, NANCY KASSEBAUM, JIM MCCLURE, and ALAN SIMPSON. So, if everybody still feels the same way, we ought to be able to enact this idea into law.

Our 1979 legislation focused attention on the promise of direct lending. At the time, we chose to go the route of guaranteed student loans. But the growing problems and costs of that program have generated new interest in the direct loan approach.

In the past year, several bills have been introduced in both the House and the Senate to establish a direct student loan program, and it now seems to be an idea whose time has come.

There are excellent reasons to move in this direction. First, according to estimates from the General Accounting Office and the Department of Education, a direct loan program will save substantial amounts over the current program.

Second, there is greater ease for both the borrower and the Government.

A direct loan program will have fewer middlemen and be easier to manage than the existing loan program. A direct loan program will be simpler for students and their families, and may well be much simpler for the Federal Government.

Third, income-sensitive repayment through the Internal Revenue Service will both streamline the repayment process for borrowers and allow graduates to choose employment after college without fear of being financially over-burdened if they choose lower income employment. Finally, by collecting through the Internal Revenue Service, we are likely to reduce loan defaults.

But just as there are reasons to move in this direction, there are reasons to move with care. Despite its many problems, the current guaranteed student loan program serves millions of students a year and makes it possible for them to obtain a college education that might otherwise be beyond their reach.

In addition, a direct loan program will require the Department of Education to assume a number of new administrative functions that it is not currently performing. Despite improvements under Secretary Alexander, the Department remains a thinly staffed agency with questionable ability to undertake major new administrative responsibilities, let alone perform its current responsibilities adequately.

Because this is an idea that needs to be tested, we propose a pilot direct loan program to gauge its benefits while being able to measure the Government's capacity to administer it. The potential benefits of direct lending with income-sensitive repayment are too great to ignore. The two most important criteria in considering this initiative are: Is it better for students, and is it cheaper for the Federal Government?

To both questions, the answer is yes and it is time for us to move ahead on this important and promising idea.

Over the past few weeks, I have met with other Senators who have expressed strong interest in this issue.

We have designed the pilot initiative that we are introducing today, in order to test the direct loan approach, with students repaying their loans through the Internal Revenue Service after they leave college.

Under our plan, a diverse group of 300 schools will be chosen by the Secretary of Education to participate in self-reliance loans—a supplemental loan program in addition to the current Pell grants and guaranteed student loans.

Schools will borrow the money from the Federal Government and make loans to their students. Any student at a participating school will be eligible for a loan. Students can receive up to $5,000 a year, with a total borrowing limit of $30,000. The money will be lent to students at an interest rate equal to the 52-week-rate on Treasury bills plus 2 percent. If the plan were in force today, students could borrow money at about 8 percent.

The loans will be repaid through the Internal Revenue Service by increased withholding. Before leaving college, borrowers will be given a choice of repayment options developed by the Secretary of Education and the Commissioner of Internal Revenue. Borrowers will continue to make repayments until the loan is repaid. After 25 years, any further indebtedness would be canceled.

The proposal includes important protection for borrowers. Before they receive a self-reliance loan, students must first apply for Pell grants and Stafford loans. To prevent students from borrowing too much, borrowers cannot receive more than the cost of attendance and borrow no more from all the Federal loan programs than the total borrowing limits specified in the Higher Education Act approved by the Senate last week. To protect borrowers with low incomes, no repayments will be due in any year when a borrower owes no tax liability to the Federal Government.

This plan is intended to test the viability of the direct loan approach. If the idea works, I am certain that Congress will want to expand it to more

schools and more students. If the test does not succeed, the program will be terminated.

But I do not expect the initiative to fail. There is growing support for this concept. I understand that the Finance Committee will consider this proposal when it marks up the tax bill, and I look forward to early action on this measure.

At a time when tuition costs have been rising much more rapidly than family incomes, it is especially important that we do all we can to make college education more affordable and accessible to every young American. No investment is more important for the Nation's future.

I wish to pay particular tribute to Senator BRADLEY of New Jersey, who has been one of the really important forces in the Senate in a variety of different education areas, and certainly on the direct loan program; and particularly to my colleagues, Senators SIMON and DURENBERGER.

We introduced the legislation in 1978. At that time it was introduced as the Kennedy-Bellmon proposal, and also introduced in the House of Representatives under Senator SIMON who has followed this issue very closely over the years. Senator DURENBERGER has been very active in shaping and formulating this legislation. We have worked very closely together, the members of the Finance Committee, our committee, and the Education Committee.

It is not without its challenges. Some of the issues, I think, have been worked out in a satisfactory way. This is going to be an evolving and continuing development over a period of time.

I hope that our colleagues will have a chance to review the legislation in the very near future.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2255

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

SECTION 1. INCOME DEPENDENT EDUCATION ASSISTANCE.

(a) IN GENERAL.—Part D of title IV of the Higher Education Act (20 U.S.C. 1087 et seq.) is amended to read as follows:

"PART D—INCOME DEPENDENT EDUCATION ASSISTANCE

"SEC. 451. PURPOSE.

"It is the purpose of this part to establish a direct loan program for eligible students enrolled in institutions of higher education with income contingent repayment of such loans occurring through the Secretary of the Treasury.

"SEC. 452. PROGRAM AUTHORIZED.

"(a) IN GENERAL.—The Secretary is authorized to carry out a program that—

"(1) makes loans to eligible students at institutions of higher education to enable such students to study at such institutions; and

"(2) establishes an account for each borrower of such a loan, and collects repayments on such loans, in accordance with section 59B of the Internal Revenue Code of 1986.

"(b) DESIGNATION.—

"(1) PROGRAM.—The program assisted under this part shall be known as the 'income dependent education assistance program'.

"(2) LOANS.—Loans made under this part shall be known as 'self-reliance loans'.

"(c) PAYMENTS.—

"(1) PAYMENT AUTHORITY.—The Secretary shall make payments to a participating institution on the basis of the estimated borrowing needs (provided to the Secretary by such institution) of the students at such institution pursuant to guidelines developed by the Secretary.

"(2) INITIAL PAYMENTS.—The Secretary shall make initial payments under this part in a similar manner to the procedure for distribution of Pell Grants under paragraphs (1) and (2) of section 411(a).

"(d) RELATION TO OTHER FEDERAL PROGRAMS.—A participating institution shall continue to be eligible to participate in all other programs assisted under this title.

"SEC. 453. ELIGIBILITY.

"(a) STUDENT ELIGIBILITY.—

"(1) IN GENERAL.—All eligible students enrolled at a participating institution are eligible to receive self-reliance loans without regard to financial need.

"(2) CONTRACTUAL RIGHT.—An eligible student at a participating institution shall be deemed to have a contractual right against the United States to receive a self-reliance loan.

"(b) NEEDS TEST FOR STUDENTS.—Notwithstanding any other provision of law, an eligible student shall not receive a self-reliance loan in any fiscal year unless such student's eligibility for assistance under section 428 and subpart 1 of part A has been assessed.

"(c) SELECTION OF INSTITUTIONS FOR PARTICIPATION.—

"(1) IN GENERAL.—From among institutions of higher education that have submitted applications under this part and are eligible to participate in part B loan programs, the Secretary shall select institutions of higher education for participation in the income dependent education assistance program.

"(2) SELECTION OF DIVERSE SCHOOLS.—The Secretary shall select institutions of higher education for participation in the income dependent education assistance program in a manner so as to represent a cross-section of institutions of higher education by educational sector, length of academic program, default experience, annual loan volume, highest degree offered, enrollment size, and geographic location.

"(3) INITIAL SELECTION OF INSTITUTIONS.—The Secretary shall select not more than 300 institutions of higher education for participation in the income dependent education assistance program not later than May 1, 1993, except that the Secretary shall select institutions such that the projected volume of new student borrowing under this part does not exceed $450,000,000 in fiscal year 1994, $550,000,000 in fiscal year 1995, $650,000,000 in fiscal year 1996 and $900,000,000 in fiscal year 1997.

"(4) EXPANSION OF THE PROGRAM.—(A) Beginning on August 1, 1997, the Secretary shall permit all institutions of higher education that, in the opinion of the Secretary, have the administrative and fiscal capacity to administer a self-reliance loan program, if—

"(i) the Congress does not act before such date to terminate or modify such program; and

"(ii) the Congress takes the affirmative step to approve the expansion of the income dependent education assistance program by providing sufficient resources to offset the cost of the income dependent education assistance program.

"(B) The Secretary shall publish criteria to govern institutional eligibility for the income dependent education assistance program not later than September 1, 1995.

"SEC. 454. APPLICATION AND AGREEMENT.

"(a) APPLICATION.—Each institution of higher education desiring to participate in the income dependent education assistance program shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

"(b) AGREEMENT REQUIRED.—Each institution of higher education chosen by the Secretary to participate in the income dependent education assistance program shall enter into an agreement with the Secretary for the receipt of funds under this part. Such agreement shall provide for the establishment of a self-reliance loan program at such institution under which such institution agrees to—

"(1) originate self-reliance loans to students, follow procedures specified by the Secretary in disbursing such loans, accept liability stemming from mismanagement of such loans, submit annual audit information, and participate in evaluations conducted by the Secretary or organizations chosen by the Secretary;

"(2) provide the Secretary at least once each month, with a list of self-reliance loan recipients and promptly notify the Secretary of changes in the enrollment status of any such loan recipient;

"(3) comply with the provisions of part B relating to loan origination, disclosure, and other matters which the Secretary determines are not inconsistent with the provisions of this part;

"(4) transfer the promissory note and other evidence of such loan as specified by the Secretary to the Secretary or the Secretary's agent within 30 days after the origination of such loan;

"(5) comply with the reporting requirements established by the Secretary;

"(6) ensure that the note or the evidence of indebtedness on the such loans shall be the property of the Secretary and that the institution will act as the agent of the Secretary for the purpose of making such loans;

"(7) counsel borrowers with regard to repayment options for self-reliance loans at the time that the borrower leaves the institution of higher education; and

"(8) contain such additional information, terms and conditions as the Secretary may prescribe to protect the fiscal interests of the United States and to ensure effective administration of the self-reliance loan program.

"SEC. 455. TERMS OF SELF-RELIANCE LOANS.

"(a) BORROWING LIMITS.—

"(1) ANNUAL LIMIT.—A student may receive a self-reliance loan in each fiscal year which does not exceed—

"(A) $5,000 in the case of an undergraduate student; and

"(B) $15,000 in the case of a graduate student.

"(2) MAXIMUM BORROWING LIMIT.—(A) The maximum amount of self-reliance loans—

"(i) an undergraduate student may borrow is $25,000; and

"(ii) a graduate student may borrow is $30,000.

"(B) The maximum amount of self-reliance loans a student may borrow shall not exceed $30,000.

"(C) The maximum amount of loans a student may borrow under this part and parts B and E shall not exceed the applicable limitations on aggregate indebtedness contained in section 428(b)(1)(B), except that, for a student determined to be independent for purposes of section 428A, the maximum amount of loans such student may borrow under this part and parts B and E shall be increased by the amount borrowed under this part not to exceed $10,000.

"(3) COST OF ATTENDANCE.—(A) No student shall receive a self-reliance loan in any fiscal year in an amount which exceeds such student's cost of attendance for such year.

"(B) The amount of financial assistance a student receives under this part in any fiscal year, when combined with student financial assistance received under other parts of this title for such fiscal year, shall not exceed such student's cost of attendance for such fiscal year.

"(b) INTEREST RATE.—

"(1) IN GENERAL.—The interest rate on self-reliance loans shall be established at the time that the loan is made and shall be equal to the interest rate on 52-week Treasury bills plus an additional 2 percentage points.

"(2) TIMING AND FREQUENCY.—The Secretary shall establish the interest rate for self-reliance loans at the same time and with the same frequency as the Secretary establishes interest rates for the Supplement Loans for Students program described in section 428A.

"SEC. 456. REPAYMENT PROVISIONS.

"(a) IN GENERAL.—A self-reliance loan shall be repayed through the income tax collection system in accordance with section 59B of the Internal Revenue Code of 1986.

"(b) REPAYMENT TERMS.—

"(1) IN GENERAL.—A borrower of a self-reliance loan or loans shall repay such loan or loans by devoting to repayment 7 percent of such borrower's adjusted gross income, except that the Secretary shall allow a borrower the option of devoting to repayment—

"(A) 3, 5, or 7 percent of such borrower's adjusted gross income in the case of a borrower who enters repayment with low indebtedness under this part, as determined by the Secretary; and

"(B) 5 or 7 percent of such borrower's adjusted gross income in the case of a borrower who enters repayment with moderate indebtedness under this part, as determined by the Secretary.

"(2) SECRETARY'S DETERMINATION OF INDEBTEDNESS LEVELS.—The Secretary shall make the determination of low indebtedness and moderate indebtedness described in subparagraphs (A) and (B) of paragraph (1) in a manner such that the average borrower described in each such subparagraph is projected to repay self-reliance loans over a similar number of years as the average borrower with high indebtedness described in the matter preceding subparagraph (A) of paragraph (1).

"(3) REPAYMENT STATUS.—A borrower is in repayment status for any taxable year unless—

"(A) such borrower was, during at least 7 months of such year, a student enrolled in an institution of higher education on at least a half-time basis; or

"(B) such taxable year was the first year in which the borrower was such a student and the borrower was such a student during the last 3 months of such taxable year.

"(4) LENGTH OF REPAYMENT.—Repayment of a self-reliance loan shall continue until such loan has been repaid or for 25 years after the borrower ceases to be enrolled in an institution of higher education on at least a half-time basis, whichever occurs first.

"(5) SPECIAL RULE.—No repayment of a self-reliance loan shall be due in any year in which the borrower is not required to file a tax return under the Internal Revenue Code of 1986.

"(6) DETERMINATION OF ADJUSTED GROSS INCOME.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'adjusted gross income' has the meaning given to such term by section 62 of the Internal Revenue Code of 1986.

"(B) MARRIED INDIVIDUALS.—A borrower who marries an individual who has not received a self-reliance loan shall make repayments on the basis of the greater of—

"(i) one-half of the adjusted gross income shown on such borrower's joint income tax return; or

"(ii) the individual borrower's adjusted gross income.

"(c) DEFERRAL OF INTEREST.—A borrower, at the borrower's discretion, may defer payment of interest on a self-reliance loan while the borrower attends an institution of higher education on at least a half-time basis.

"(d) PREPAYMENTS.—A borrower may prepay all or part of a self-reliance loan to the Secretary without a penalty.

"(e) CANCELLATION FOR DEATH AND DISABILITY.—The Secretary shall discharge the liability to repay a self-reliance loan in the event of death or total permanent disability of a borrower.

"(f) RULES RELATING TO BANKRUPTCY.—

"(1) IN GENERAL.—A self-reliance loan shall not be dischargeable in a case under title 11 of the United States Code.

"(2) CERTAIN AMOUNTS MAY BE POSTPONED.—If any individual receives a discharge in a case under title 11 of the United States Code, then the Secretary may postpone any amount of the portion of the liability of such individual on any self-reliance loan which is attributable to amounts required to be paid on such loan for periods preceding the date of such discharge.

"SEC. 457. RESPONSIBILITIES OF THE SECRETARY.

"(a) TERMS AND CONDITIONS.—The Secretary shall promulgate the terms and conditions of a self-reliance loan not otherwise specified in this part.

"(b) ENFORCEMENT.—The Secretary shall have the same authority to limit, suspend or terminate an institution of higher education's ability to participate in the income dependent education assistance program as the Secretary has to terminate an institution of higher education's participation under a part B loan program. The Secretary may specify by regulation additional criteria the Secretary shall use to monitor the performance of participating institutions.

"(c) CENTRAL DATA SYSTEM.—The Secretary shall develop and administer a central data system for use in administering self-reliance loans. Such data system shall—

"(1) permit borrowers to secure information on their accounts;

"(2) on at least an annual basis, provide each self-reliance borrower with a statement of account balance and information on prepayment options; and

"(3) permit the processing of borrower payments received, including the generation of confirmations to borrowers.

"(d) STATEMENTS.—

"(1) IN GENERAL.—The Secretary shall, not later than January 1 of each year, certify to the Secretary of the Treasury for each borrower in repayment status on such date an amount equal to the sum of the total principal amount of loans made to such borrower plus any accrued interest minus the sum of any amounts collected from such borrower. A copy of such certification with respect to a borrower shall be sent by the Commissioner of the Internal Revenue Service to such borrower.

"(2) SPECIAL RULE.—Any borrower who receives a notice of certification under paragraph (1) and who believes such notice contains an error of statement or omission, or asserts a debt for which the borrower is not obligated or to which the borrower desires to raise a defense or excuse, shall file an objection thereto with the Secretary within 60 days after receipt of such notice. The Secretary shall, within 30 days of receipt of such an objection, affirm, adjust, or withdraw such certification and send notice thereof to the borrower and to the Secretary of the Treasury. Such decision shall be reviewable by an appropriate district court of the United States as a final agency decision.

"(e) STANDARD FORMS AND DATA FORMATS.—The Secretary shall develop standard forms and data formats for use by institutions of higher education and borrowers regarding self-reliance loans.

"(f) IMPLEMENTATION REPORT.—The Secretary, in consultation with the Secretary of the Treasury, not later than 1 year after the date of enactment of this part, shall provide a report to the Congress describing the implementation of the income dependent education assistance program, especially the steps taken to implement the loan repayment provisions described in section 456, and identifying problems that require legislative action.

"(g) ANNUAL REPORT.—The Secretary, beginning January 1, 1995, shall provide an annual report to the Congress evaluating the implementation and administration of the income dependent education assistance program and identifying problems that require legislative action.

"(h) EVALUATION.—Not later than January 1, 1997, the Secretary, in consultation with the Secretary of the Treasury, shall make a report to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate evaluating the income dependent education assistance program. Such report shall—

"(1) analyze the administrative burden and cost imposed on the Department of Education and any other agency of the Federal Government by the income dependent education assistance program;

"(2) analyze the administrative capacity of the Department of Education and any other agency of the Federal Government to operate a self-reliance loan program at all institutions of higher education;

"(3) analyze the administrative and financial obstacles that may preclude all institutions of higher education from operating a self-reliance loan program and make recommendations for corrective action;

"(4) analyze the complexity of the income dependent education assistance program for institutions of higher education and students in comparison with the complexity of part B loan programs for institutions and students participating in loan programs under part B;

"(5) determine whether borrowers are better informed about their loan obligation under this part compared to other part B loan programs;

"(6) analyze the impact of the income dependent education assistance program on repayments, delinquencies and defaults;

"(7) make any recommendations for legislative action that may be needed to facilitate the implementation of the income dependent education assistance program to all eligible institutions of higher education;

"(8) publish the cost of tuition and the cost of attendance at each participating institution and analyze changes in such costs compared to such changes occurring in institutions of higher education that do not participate in the income-dependent education assistance program;

"(9) analyze the ability of the Department of Education to serve students in accordance with the income dependent education assistance program; and

"(10) analyze the effect of borrowing under the income dependent education assistance program on part B loan programs, including the effect on—

"(A) the socioeconomic status of students participating in part B loan programs;

"(B) the lenders, guarantee agencies and secondary markets participating in part B loan programs; and

"(C) the rate of defaults in part B loan programs.

"(i) OVERSIGHT RESPONSIBILITY AND DELEGATION.—The Secretary shall be responsible for all oversight of participating institutions.

"SEC. 458. DEFINITIONS.

"For purposes of this title—

"(1) the term 'cost of attendance' has the same meaning given to such term by section 472;

"(2) the term 'eligible student' means a student who is a United States citizen and has attained the age of 17 but not the age of 51;

"(3) the term 'institution of higher education' means an institution of higher education (as such term is defined in section 481(a)) which has demonstrated the administrative and fiscal capacity to carry out the provisions of this part; and

"(4) the term 'participating institution' means an institution of higher education having an agreement with the Secretary pursuant to section 454(b).".

SEC. 2. COLLECTION OF LOANS.

(a) IN GENERAL.—Subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to determination of tax liability) is amended by adding at the end thereof the following new part:

"PART VIII—EDUCATIONAL LOAN REPAYMENT TAX

"Sec. 59B. Educational loan repayment tax.

"SEC. 59B. EDUCATIONAL LOAN REPAYMENT TAX.

"(a) IN GENERAL.—The Secretary of the Treasury shall enter into an agreement with the Secretary of Education to provide for the collection of repayments of self-reliance loans due pursuant to part D of title IV of the Higher Education Act of 1965.

(b) DETERMINATION OF TAX.—In the case of an individual who receives a certification from the Secretary of Education under section 457(d) of the Higher Education Act of 1965, there is hereby imposed (in addition to any other tax imposed by this subtitle) a tax equal to the repayment percentage (as certified by the Secretary of Education) of the taxpayer's adjusted gross income for the taxable year.".

(c) CLERICAL AMENDMENT.—The table of parts for subchapter A of chapter 1 of such Code is amended by adding at the end thereof the following new item:

"Part VIII. Educational loan repayment tax.".

• Mr. BRADLEY. Mr. President, a year ago, I began working on self-scholarships because I believe there is a fundamental connection between a college education and optimism about the future that our national interest will not allow us to ignore. I am very proud to join Senators KENNEDY, SIMON and DURENBERGER in introducing this bill, which is another step in the long effort to build the foundation for a better future.

This isn't a country where college is reserved for those of a certain elite class of people. This isn't a country where we make choices early in a child's life of whether or not they are collegiate material. This isn't a country where only those from certain families get into certain schools.

This is America, where the only limit to how successful any individual can be is their own ability. A college education is a symbol of getting ahead, doing better than your parents or grandparents ever hoped to, and laying the groundwork for your children to do better than you did. That's what a college education has symbolized throughout American history—the definition of American optimism.

Now, for the first time, my New Jersey constituents don't believe their children will have a higher standard of living than they do. My constituents are working longer hours and earning less, and when they think about the future, some of them feel more fear than optimism. The cause of that fear is, put simply, a lack of money.

ney, shouldn't limit the opportunity to share that optimism—but it always has, and it's doing so now more than ever. The cost of the college education is going up faster than incomes—fact. The amount of Federal aid for college tuition is not keeping pace with those who need it—another fact. Students aren't going to college—not because they aren't smart, or haven't worked hard, or don't have the motivation to make it—but because they don't have the money. Fact.

Self-reliance loans are a basic American idea—if you want to bet on yourself that you can work hard and come out ahead, we'll give you the opportunity to succeed. You get the opportunity, and in return we get a more productive society, and you put back into America what this country gave you—the means to realize the dream. It's that simple. It's cheaper to the Government than a guaranteed student loan, and unlike a grant it's available to everyone.

When I first came up with this idea nearly a year ago, I knew it was an uphill battle. Reauthorization for higher education was moving through the committee with several new initiatives included, and my proposal was considered revolutionary. But the more I talked to my colleagues and to people in New Jersey, the more I was convinced that self-reliance was a principle we needed sooner rather than later.

In the past month, I've spent a lot of time discussing the concept of direct loans with the distinguished chairman of this committee, the distinguished chairman of the Finance Committee, and other colleagues who are anxious to provide more opportunities to college students. I'm pleased that our joint efforts have produced progress and consensus on how to go forward. I intend to carry this agreement forward into the Finance Committee's consideration of an economic growth package later this week and hope that process will also be successful.

Let me just say a few words about the compromise that we are introducing today, Mr. Chairman. With your helpful suggestions and ideas from Senators SIMON and PELL, I believe we have improved on the basic structure of the self-reliance scholarship bill. The basic principles are the same: Every student in America, regardless of family income, would be able to get up to $30,000 for higher education simply by agreeing to pay back a small percentage of income after graduation just like a voluntary tax.

We have modified the repayment scheme slightly, so that instead of repaying a fixed percentage of your income for a fixed period of time, most borrowers would repay their loans until they had paid back what they took out plus interest at a very low rate. There is no risk of adverse selection, or the program being more attractive to low earners than to high earners. Students will still be able to make their own choices of the percent of income they want to repay. The process will be simple.

Students will have a chance to get the education that's best for them and then make the career decision that's best for them, without having their choices dictated by an unmanageable loan burden. A student who wants to be a social worker, a teacher, or explore a career in the arts can do so, because the self-reliance loan payments will be a manageable, fixed percentage of income. And a student who does well financially right from the start can finish off paying a loan quickly, before taking on the costs of raising a family.

It is very important to me that self-reliance loans would be a complete supplement to the current system, as I originally proposed. Every student should have a new option to pay for college. Some will be middle-class students who aren't eligible for any other aid. Some will be students who are eligible for some Pell grants or Stafford loans, but need more to fill the gap between aid and the cost of attending the best school they can get into. Others are nontraditional students, for example, a mother returning to the work force at age 38 after raising children, who realizes she needs more education to get a better job. Traditional means-tested financial aid programs aren't designed for that student.

Every student needs a new option to pay for college. It should be universal—that is, everyone should be eligible; and it should be income-contingent—that is, everyone's repayment should be a manageable percentage of income. I look forward to working with you further as we move this idea along with Chairman BENTSEN's support and Senator DURENBERGER's help in the Finance Committee, and later on the Senate floor. If we can make this difference for Americans of all ages trying to attend college, I believe young people will put more confidence in both our economic future and our Government.•

• Mr. SIMON. Mr. President, I join my colleague from Massachusetts, the distinguished chairman of the Labor and Human Resources Committee, in introducing this proposal to provide students with the option of receiving direct student loans for which the payments are income-sensitive and collected through the income tax system. I also want to commend my colleagues Senators BRADLEY and DURENBERGER for their leadership in the Finance Committee on this issue.

It is fitting that this idea will be proposed as part of the economic recovery package. The most important thing we can do to improve our productivity is to invest in our human resources. Anyone who doesn't believe that student aid can help the economy should look at the old G.I. bill. It was conceived of as a gift to veterans of World War II, nothing more. But it turned out to be a tremendous investment in our own prosperity. If you were to take that old G.I. bill and add inflation, it would be worth today more than $8,100. And that was a grant. It is unfortunate that the Higher Education Act reauthorization bill we passed last Friday did not include a Pell grant entitlement. But the fact that grant aid has diminished makes it that much more important that we provide students with a better loan program.

Mr. President, the proposal we are introducing today moves toward two important changes in now we provide Federal student loans: First, providing the capital directly, instead of through banks, and second, making payments income-sensitive and collecting them through the income tax system. While these two concepts are combined in this proposal, the issues that they raise are best addressed separately.

DIRECT LENDING

Mr. President, in the current guaranteed student loan program, the Federal Government is essentially a cosigner of each loan, taking virtually full responsibility for repaying the loan if the borrower defaults. At the same time that the Federal Government takes nearly all the risk, we guarantee the lender a profit by assuring a retail rate of interest on the loan. In contrast, with direct lending the Government borrows the funds at wholesale rates, saving a considerable amount of money which can be used to reduce costs to the student.

The U.S. General Accounting Office and the Congressional Budget Office agree that we could save a billion dollars, or maybe more, by shifting to a system of direct lending instead of paying subsidies to the banks, Sallie Mae, and other middle players. It would be irresponsible of us as policy-makers not to explore this option thoroughly—because if we can save money, we can use those savings to provide more aid to more students. Let me address a number of issues that have been raised about direct lending.

The Federal deficit and the Federal debt. Direct lending does not increase the Federal deficit. In fact, since we can save money that currently goes to banks and Sallie Mae, it can reduce the Federal deficit. Direct lending does increase the Federal Government's total borrowing for a number of years until the payback of loans offsets that borrowing. But the effect on the Government's financial well-being is the same whether the loan is direct or guaranteed, because a guarantee is still a liability. Whether we "cosign" and subsidize the loan at a high interest rate, or make it directly at a lower interest rate, we still pay for any defaults.

Can the Education Department run a direct loan program? At the hearing on my S. 1845 last October, David Kearns made it clear that the Department could run a direct loan program. I must emphasize that there is nothing revolutionary about direct assistance to students, through schools, from the Federal Government. That is how the Pell Grant Program and the other campus-based programs operate; it is not a mystery. It may be legitimate to ask whether the Department could oversee the collection of loans by servicers, as the House bill proposes. But our proposal uses the IRS, so this is not a problem. And the proposal that we are talking about today is only 300 schools in the first few years, so any problems can be worked out.

Can schools handle direct lending? The GAO study concluded that direct lending would simplify paperwork for schools. There is no question that schools would perform different functions under direct lending than they do under the current programs, and we do need to make sure that financial aid professionals are provided with any training or other assistance that they need. Again, by establishing a parallel program, and starting with just a few hundred schools, we can ensure a more smooth transition into the program.

How does direct lending help students? There is little disagreement about the potential of direct lending to improve service to students. In its comprehensive evaluation of guaranteed and direct lending, the National Association of Student Financial Aid Administrators [NASFAA] rated the "student service" aspects of direct lending much more favorably than the complex, error-prone guarantee system. Later witnesses can speak to this issue better than I can.

It is important to remember also that direct lending can save students money because we can pass along the savings. For example, the interest rate on IDEA/Self-Reliance is the 52-week treasury bill rate plus 2 percentage points, instead of an added 3.25 percentage points in the SLS program. Also, while the Senate version of the Higher Education Act reauthorization places a fee on SLS loans to make it available to more students, there is no fee on an IDEA/Self-Reliance loan. These may sound like minor differences, but they make a huge difference to students. For example, a student who needs a total of $10,000 over 4 years—$2,500 a year—would leave school owing nearly $1,500 more under SLS than under IDEA, because of higher interest and fees. A student borrowing $22,000 over 5 years would owe more than $3,500 more under SLS than IDEA.

INCOME-SENSITIVE REPAYMENT

While there are benefits to direct lending alone, using the income tax system for collection has the additional advantages of providing for more efficient collection, reducing default costs, and making it possible for payments to be sensitive to the borrower's income. The many benefits of this approach are spelled out in a recent letter to higher education leaders signed by 20 college and university presidents led by Father Byron who is here today, and Myles Brand at the University of Oregon. I ask unanimous consent that a copy of the letter be printed in the RECORD at this point.

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

A CALL-TO-ACTION TO HIGHER EDUCATION LEADERS FEBRUARY 1992

DEAR COLLEAGUE: A recent Washington Post poll ranking Americans' 50 greatest worries put financing higher education third. We are pleased to see national awareness of a problem all too familiar to those of us who must grapple with its consequences daily on our campuses.

We anguish over stitching together tighter and tighter budgets. We are wrestling with tuition increases, cross-subsidizing more and more students, and generally struggling to keep our institutions afloat in order to keep offering the services that define our mission. We have a big problem on our hands and it is not going to be washed away by a flood of new state of federal dollars. It demands new thinking.

One solution is to make better use of dollars we already have. We are supporting a new federal student loan alternative that would do just that, and we urge you to join us.

This alternative approach—direct student loans with universal eligibility and income-sensitive repayments—has been around for a long time, but only now has it become feasible. Very simply, it is just far more effi-

cient than current programs. Therefore, it can provide a better loan program for students and schools, while at the same time saving large amount of money that can pay for increased grants, or for even better loan terms.

Currently, several major student loan bills are on the table in Congress that incorporate various aspects of this approach. Their sponsors are working together toward a consensus on the issue, and any law enacted in this area is likely to have the following characteristics:

Universal Eligibility: Loans available to all students regardless of their parents' income. The absence of any needs test greatly simplifies administration for schools, and it provides needed relief for hard-pressed middle income families.

Direct Lending: Funds come directly from the federal government. Neither students nor schools need deal with banks, guarantors, or secondary markets.

Income Dependence: Repayment is sensitive to the student's income after graduation, and operates through the income tax system—a far more effective and fair system than current collection efforts.

Choice: Major existing programs would remain, and the new program would draw business away from them through decisions of individuals schools and students that the income dependent alternative was more attractive.

Attractive Terms: Good enough so this alternative will be a rational choice for most or many students (otherwise it will fail in the marketplace and disappear).

Simplicity: With no needs test, no banks or guarantee agencies to deal with, and IRS collection, the program will be much simpler for everyone, including schools. Claims to the contrary, which you may have heard from people with a vested interest in current programs, are simply not true. All schools will have to do is advise students, provide lists of recipients to the federal government, obtain signatures on promissory notes, and provide information on repayment to borrowers.

Huge Savings: This change could save $1 billion to $2 billion per year, depending on the details of the bill. You might ask how this is possible. The answer is that the savings come from a lower cost of capital (because of the direct lending), simpler administration, and the virtual elimination of defaults. There is neither reason to default (because payment is related to income), nor opportunity to default (because payments are income taxes). Those who would default under current programs because of low income would owe little or nothing for that year under the income dependent alternative, but would come back into repayment easily later on if their incomes rose (as most do).

In short, income dependent loans offer numerous advantages both for students and schools. All students get a convenient, affordable, and supremely flexible option that accommodates life changes and decisions such as periods of child raising, public service employment, spells of unemployment and the like. Schools can help address the growing problem of middle class student access to higher education with a program that is very simple to administer, and the savings can be used to increase grants or improve loan terms.

If we were designing student aid from scratch, we'd never come up with the current array of programs. We'd much more likely come up with something like the alternative approach just described. And now we have an unprecedented opportunity to do just that. If we miss this chance, we may not have another for a generation.

It is crucial for us to demonstrate support for this major reform. Please call or send a letter of support to your federal representatives and senators. This is important. And let the major associations to which your school belongs know of your support, as well.

Thank you very much for your attention and interest.

Myles Brand, President, University of Oregon, Eugene, OR.
Judith E.N. Albino, President, University of Colorado, Boulder, CO.
Neil S. Bucklew, President, West Virginia University, Morgantown, WV.
Leslie C. Duly, President, Bemidji State University, Bemidji, MN.
William E. Hamm, President, Waldorf College, Forest City, IA.
James C. Hunt, Chancellor, University of Tennessee, Memphis, TN.
William Byran, S.J., President, The Catholic University of America, Washington, D.C.
Carl Christian Andersen, President, Lake-Sumter Community College, Leesburg, FL.
Dominick P. DePaola, President & Dean, Baylor College of Dentistry, Dallas, TX.
John V. Griffith, President, Arkansas College, Batesville AR.
Neil D. Humphrey, President, Youngstown State University, Youngstown, OH.
John H. Jacobson, President, Hope College, Holland, MI.
Larry Keirns, Director, Northwest Kansas Area Vocational, Technical School, Goodland, KS.
William R. Nester, Chancellor, University of Nebraska at Kearney, Kearney, NE.
William R. Stott, Jr., President, Ripon College, Ripon, WI.
Paul S. Tipton, S.J., President, Association of Jesuit Colleges, and Universities.
Roy B. Mason, President, Eastern Wyoming College, Torrington, WY.
J. Michael Orenduff, President, University of Maine at Farmington, Farmington, ME.
John Silber, President, Boston University, Boston, MA.
James S. Walker, President, Jamestown College, Jamestown, ND.

Mr. SIMON. Mr. President, we are in the midst of a national recession that, among many other things, is severely testing our present student aid structure and all of its flaws in ways that make these differences that much clearer and more dramatic. Right now, across this Nation, thousands of young adults, assaulted by the effects of the recession, are confronting the choice of making the monthly payment to the bank on a student loan, or going into default to use that money to pay the mortgage and keep the family home. And who will pick up the tab if the choice is to default? The taxpayers will.

There is a better way, a plan that would prevent this dilemma, prevent these damaged credit records, prevent these defaults, prevent the cost to the taxpayer, and give borrowers a reprieve when they need it. Income-sensitive loan repayment is that better way.

Because even if we can significantly expand grant aid—which I hope we do—there will still be a huge demand for loans, and some students will still be saddled with large debt burdens, particularly at the graduate school level. That is why we must do everything possible to ensure that money in the student loan system is not wasted on middle players and bureaucracy, and we must do what we can to minimize the negative consequences of student debt burden.

Student loan debt creates a number of problems. First, many youth and adults decide against going to college, because they are afraid they might fail, and they won't be able to pay off their loans. With an income-related program, that fear is reduced. During a period of unemployment or low wages, the required payments are reduced automatically.

Second, too many students don't do what they want to do with their lives, because of the loan payments they need to make. This might be a scientist who wants to be a high school teacher, but works for industry instead. Or a doctor who enters a high-paying specialty instead of working in an inner-city health clinic. Debt burdens skew these career decisions.

Finally, large debt burdens postpone dreams. I know a couple in southern Illinois who are paying more than $800 a month in student loan payments. They would like to buy a home, but they simply can't afford to. Income-contingent payments would help to make their debt more manageable.

Income-sensitive payments and IRS collection also help us to address the default problem. A large part of the current problem is that people go through a low-income period, default, and then never pickup where they left off. By reducing the required payment based on income, borrowers can go in and out of the system without trying to figure out who owns their loans. Also, for those people who do have money, having the IRS as the collection agency will make it much more difficult for them to avoid paying.

It is clearer today than it has ever been that we need a strategy to regain the high-wage economy our Nation once took for granted. And in any equation, education and job training must be the key elements of that strategy. A better student loan program would expand educational opportunity and invest more in our people. Opening postsecondary education to all who seek it is, in the end, not so much a gift to them as it is a gift to ourselves.

Mr. President, when Senator DURENBERGER and I introduced our version of an income-contingent loan program several months ago, S. 1845, we received many positive comments from college officials about the concept. I

ask unanimous consent that a sample of those comments be included in the RECORD at this point.

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

FEEDBACK—S. 1845

Salem College, Winston-Salem, N.C.—Julianne Still Thrift, president: "You are right on target in your concern about students' ability to finance their college and to avoid unmanageable debt. * * * three of every four students enrolled in our continuing education program are first-generation college students. They are often working while they are in school, and many are supporting families."

Westchester Community College, Valhalla, N.Y.—Joseph N. Hankin, president: "Let me congratulate you on an inspired amendment. Making student loans an entitlement available to all regardless of income is an excellent idea. It provides assistance to the forgotten middle class without reducing aid for those most in need. Making repayment of loans part of the annual income tax will alleviate a "large percentage of defaults, thus saving more funds for the program."

Saint Peter's College, Jersey City, N.J.—Thomas C. Scott, director, student financial aid: "We applaud this creative approach and favor such attempts to improve program accountability which will simplify loan programs for educational institutions, while eliminating confusion for students and parents in the application process."

Mid-State Technical College, Wisconsin Rapids, Wisc.-M.H. Schneeberg, district director: "Your (plan) * * * has been enthusiastically received. * * * The concept of involving the IRS with student financial aid is especially pleasing."

Peace College, Raleigh, N.C.—Garrett Briggs, president: "As president of a small, liberal arts college for women, I would like to offer my support for your IDEA Credit Program. * * * The assistance you are recommending will be of tremendous benefit to these middle income families. * * * While your proposal may impact those who make money off the current loan programs, this fact should not be a major concern to members of Congress."

National College, Rapid City, S.D.—Robert D. Buckingham, chairman: "This legislation is in the best interests of the nation, its colleges and universities, and most important its students. It is regrettable present legislation is so complicated and many times unfair to students. * * * (IDEA Credit is) a courageous step in fiscal responsibility on the part of students and taxpayers."

Briarwood College, Southington, Conn.—Dr. John J. LeConche, president: "Being a veteran of World War II, I am reminded that your proposal, IDEA Credit, will give to millions of Americans the same opportunity to acquire a college education as did the G.I. Bill of Rights. Without the G.I. Bill of Rights, Senator, I could not have gone to college. If opportunity, attitude, and persistence are the hallmarks of success in America, then the opposition should realize that in the long run they will make more money from people who graduate from college than from people who are unable to attend college because they could not afford it. It is incumbent, therefore, upon the opposition to think of America first; and if they do, I believe that more money will fill their coffers from an educated population in a very few years."

Delaware Technical & Community College, Dover, Del.-Linda C. Jolly, vice president and campus director, Terry Campus: "(IDEA Credit would be) a welcome relief from the present system which is too often bogged down in a quagmire of federal regulations. * * * (It) would provide assistance to those 'middle class' students who are presently ineligible for aid. * * * I am genuinely pleased to see a proposal that offers a viable solution, rather than mere rhetoric, to a serious and longstanding problem."

Berkeley Colleges, N.J./N.Y.—Robert V. Maher, vice president: "* * * a workable and worthwhile proposal. * * * Your IDEA eliminates the needs test, increases the borrowing level, and introduces the concept of direct lending. The cost savings can be enormous."

Howard Community llege, Columbia, Md.—Dwight A. Burrill, president: "IDEA Credit simplifies the student loan program without placing more burden on the institutions."

Association of Jesuit Colleges and Universities: "(The Association) strongly and warmly supports (The Financial Aid for All Students Act). * * * We agree with your rationale for the program—both for the levels of borrowing and its openness to all."

United States Student Association: "A direct loan program would save the federal government $1.4 billion in subsidies, simplify the student loan application, delivery and repayment process, and eliminate origination fees and insurance premiums."

Fort Hays State University, Hays, Kan.—James Dawson, vice president, student affairs: "(IDEA Credit) is very creative and provides good insight into the many problems we are experiencing in financial assistance * * * our system is burdened with excessive paperwork and bureaucratic regulations. This is one of the first proposals I have seen which radically alters the system and it appears to me to be very favorable both to students and to university administrators."

Castle College, Windham, N.H.—Sr. Sheila Garvey, president: "(IDEA Credit is) exactly what is needed in order to adequately provide equal opportunity for higher education for all of our students. The middle class is virtually being eliminated from federal student aid programs. Eliminating the so-called middlemen, basing payments on income and using the income tax system to collect student loans is the least expensive and most practical solution to the student default issue. * * * I support your proposal 100 percent."

Tarleton State University, Stephenville, Texas-Dennis P. McCabe, president: "I support your efforts to establish IDEA Credit."

Youngstown State University—Neil D. Humphrey, president: "IDEA Credit is a concept whose time is overdue. Such a program provides much needed assistance to the working poor and lower-middle class workers who are in increasing numbers finding access to federal student financial aid closed. Many parents of our students, hard-working taxpayers, simply cannot accumulate enough discretionary income to help send their children to college."

Bowie State University, Bowie, Md.—James E. Lyons Sr., president: "This would be extremely important to Bowie State University students as 50 percent of our population receive financial aid and would benefit from the increase in Pell Grant funding and the other 50 percent could benefit from the various loan provisions and the Excellence Scholarships. In addition, the support to the state early intervention programs would be invaluable."

University of Colorado—Judith E.N. Albino, president: "I am concerned that a multimillion dollar secondary 'industry' has grown up around the current GSL program, the profits of which come from the pockets of students and which never find their way back to the financial aid market as reinvestments for future generations of students."

University of Detroit-Mercy—Maureen A. Fay, O.P., president: "(IDEA Credit is) * * * a genuine effort to get the largest percentage of aid into the hands of the students who are most in need of financial assistance."

Mount Marty College, Yankton, S.D.—Jacquelyn Ernster, president: "the use of the income tax system as the collection device will serve to reduce loan defaults which are a source of serious adverse public reaction to these programs. * * * I support this initiative and believe it will be a partial solution to the current crisis in post-secondary education."

Stockton State College, Pomona, N.J.—Vera King Farris, president: "I was extremely encouraged and excited to learn of your proposal. * * * It is unrealistic to continue to constrict our future generations with loans that may outweigh their earning power given their chosen professions."

Lee College, Baytown, Texas—Charles Ed Moak, dean of students, and Barbara Watkins, financial aid director: "(IDEA would) place more financial support directly with students and at the same time remove the colleges and universities from an uncontrollable predicament in the event of student default."

Portland State University, Portland, Ore.—Judith A Ramaley, President: "It is clear that the existing program needs rethinking. Each year it becomes more expensive, and each year the average debt loan of the student increases."

Webber College, Babson Park, Fla.—Rex R. Yentes, president: "I firmly endorse the IDEA Credit program."

Universidad del Turabo, Gurabo, Puerto Rico—Claudio R. Prieto chancellor: "I support your IDEA proposal wholeheartedly. The IDEA proposal is an especially appealing one. It's procedural simplicity, its fairness in allocating aid, and its revenue-neutral trait make it the best idea in town."

Arkansas College, Batesville, Ark.—John V. Griffith, president: "It is my feeling that the Idea Credit Program will extend access to quality higher education to a broad spectrum of our population, and, at the same time, cut down on the large volume of administrative work required to oversee the current financial aid program."

Florida Southern College, Lakeland, Fla.—Robert A. Davis, president: "I especially approve direct awarding to the educational institution, since this should provide a reduction in the number of parties involved, thereby giving much needed relief from the complicated processing work load required by the current Guaranteed Student Loan program."

San Jacinto College Central, Pasadena, Texas—Dr. Monte Blue, president: "We are particularly pleased to know that progress is being made in the financial aid field to simplify paperwork for schools, improve program accountability, and save dollars."

Introspect Youth Services, Chicago—Bernard M. Clay, executive director: "* * * cost has now become the principal barrier to a post-secondary education. Not since the Middle Income Student Assistance Act of 1980 has focus been given to working families who want to assist their children with their higher education. * * * we have witnessed severe need which exists among students from middle income families."

Stillman College, Tuscaloosa, Ala.—Cordell Wynn, president: "I am favorably impressed by the overall proposal. I recommend, however, a higher increase to the Pell Grant in excess of the $600 proposed. It would be helpful to have a maximum Pell Grant of $4,500 to reduce the amount students would need to borrow under the IDEA Credit program. * * * It appears the IDEA Credit Program will reduce some of the work which colleges now perform under the Guaranteed Student Loan and will assist in reducing the default rate."

Kansai Gaidai-Hawaii College, Honolulu—Andrew Dykstra, provost: "(IDEA Credit) has many advantages over the current clumsy and burdening system. I am for any method that reduces the involvement of the banks and other beneficiaries who benefit from our taxes."

Waldorf College, Forest City, Iowa—William E. Hamm, president: "* * * it is an excellent proposal and a long-overdue response to the higher education financing crisis we're facing. * * * I have been associated with the admission and financial aid process of Lutheran-related liberal arts colleges and universities * * * for more than 25 years. I have long been frustrated by the tedious process of trying to politically arrive at a fair assessment of family income and ability to provide for education, and the distinctly unfair practice of non-need based subsidies given to students who choose public education. While your proposal does not solve all of the problems, it does allow a means of student access to the college or university of the student's choice."

Rust College, Holly Springs, Miss.—W.A. McMillan, president: "* * * I have had an opportunity to talk with many of my colleagues who served as presidents of our colleges and universities. All are indeed excited about your proposal. * * * I have not seen a proposal thus far that would do more to expand access to higher education for all students. * * *"

Eastern Shore Community College, Melfa, Va.—John C. Fiege, president: "* * * your proposal will eliminate these problems for colleges, save taxpayers' money, be more efficient, and place the burden of collection on the IRS. Most important, however, your bill will provide greater access to more students through an excellent means for administering financial aid funds."

College of the Sequoias, Visalia, Calif.—Robert A. Lombardi, superintendent/president: "The method of collection seems so sensible and obvious that I have often wondered why it was not employed."

Barry University, Miami Shores, Fla.—Sister Jeanne O'Laughlin, president: "Private institutions such as Barry University see many students from middle income families unable to enroll, or continue enrollment because they are not eligible for need-based financial aid, and cannot bear the expenses of a private 4-year university without any assistance at all. * * * IDEA Credit would mean greater accessibility for those who need it most. * * * Eliminating these "middlemen" will mean that the savings could be redirected to other educational programs that desperately need funding. Direct loan programs would also be easier to manage and administer because schools would have more control, as we currently do with the Title IV campus-based programs. Ultimately, students will benefit from an improved and streamlined financial aid delivery system."

Cloud County Community College, Concordia, Kan.—James P. Ihrig, president: "Our people have had the opportunity to review this program and believe that it is a good program. We will support it and are hopeful that it can be implemented."

University of Nebraska at Kearney—Leonard Skov, vice chancellor: "We enthusiastically support this proposal. It will address at least two of the significant financial aid concerns of today's university students. The traditional financial aid programs that place a great deal of weight on the balance sheet of the family definitely work to the disadvantage of university students coming from rural families. In many cases, there may be a relatively attractive balance sheet, but very little current income to apply to university costs and yet the student is not eligible for traditional financial aid. The second concern addressed by IDEA Credit is the opportunity for support for graduate students. As a campus of 10,000 students, with approximately 2,500 of those graduate students, we observe major problems among our graduate students as they are now currently forced to either work part time and go to school part time or to seek private loans or other sources of support. We are also enthusiastic about the $1,000 Excellence Scholarship program. We would much prefer to offer incentives to students to assist in their decisions to pursue a rigorous high school curriculum than to attempt to achieve that same objective through applications of admissions standards.* * *"

New Hampshire College, Manchester—Richard A. Gustafson, president: "The proposal as presented is simple, sound and secure.* * * I urge you to move forward with your plan with our enthusiastic support."

Saint Louis University Parks College, Cahokia, Ill.—Peggy Baty, associate vice president and dean: "The IDEA Credit program appears to be a sound one and would certainly ease the burden of the cost of a higher education for young people today. Your plan would provide greater accessibility to college but still require the individual to pay his own debt."

Eastern Mennonite College & Seminary, Harrisonburg, Va.—Joseph L. Lapp, president: "I like what I see * * * many average Americans need assistance in financing higher education. The cost of education at most private colleges such as Eastern Mennonite is escalating even as we maintain an efficient program of excellence. (IDEA Credit is) * * * a creative way of expanding financial assistance to students and families without increasing the federal deficit."

Indiana University East, Richmond—Larry D. Baker, vice chancellor for student services: "I strongly support the Financial Aid for All Students Act. I especially agree with the concept of collecting repayment via the IRS. But as you work for adoption of the bill, there is one option that I would encourage you to consider. Include a provision for parents to assume portions of the debt and for them to begin repayment immediately via the IRS. Because the program offers funds to any student, regardless of family income, it makes little difference who assume responsibility for loan repayment."

Wentworth Institute of Technology, Boston—John F. Van Domelen, president: "The most gratifying part of your program is that it would reduce much of the mindless and numbing bureaucracy institutions and students must cope with under the current financial aid schemes and those being proposed. Our institution would, as I am sure would all others, shift more dollars to financial aid for our students if we did not have to hire armies of administrators to meet ever escalating federal regulations, requirements and administrative procedures."

Arapahoe Community College, Littleton, Colo.—James F. Weber, president: "Although administrative responsibility for the program would remain with the college, our ability to control disbursements would be vastly improved as would overall accountability for the operation of the program."

Jamestown College, Jamestown, N.D.—James S. Walker, president: "We at Jamestown College heartily endorse your proposal * * * we are (especially) enthusiastic about the income-dependent emphasis on funding and repayment by means of increased income taxes. Definitely this is a fairer and more cost-effective approach than current programs."

College of the Siskiyous, Weed, Calif.—Eugene Schumacher, superintendent/president: "* * * the personnel in our student financial aid office * * * were more than enthusiastic; they feel it is, without question, the best plan they have ever seen and would undoubtedly be of significant benefit to countless students here at the college."

Guilford College, Greensboro, N.C.—William R. Rogers, president: "The proposed use of an IDEA Credit for students throughout their college experience with a payback system calibrated to income after graduation and collected through the IRS makes eminent good sense. The program seems fair, simple to administer, and extremely helpful to students of all backgrounds * * * the bankers may not be quite as happy with this scheme, but certainly it is students who would benefit."

San Francisco Art Institute—William O. Barrett, president: "I endorse the IDEA plan and sincerely hope it passes the Senate soon. We need to make more money available to students, while cutting costs and paperwork. This plan does that."

Elgin Community College, Elgin, Ill.—Paul R. Heath, president: "In general, I am supportive of IDEA, as it provides a fair and equitable borrowing system for ALL students and effectively provides a reasonable payback system through IRS * * * I need to think through the 'paper' impact on our institution."

Jefferson Community College, Watertown, N.Y.—Charles A. Brox Jr., director of financial aid: "I have been a financial aid officer for the past 27 years in a community college in upstate New York. My years of experience have shown the abuses, the frustration, and the very cumbersome financial aid regulations that thrust the program out of any manageable mode. I have studied your concept, I support it and I wish you the best of luck."

Boone, N.C.—Annette Wilson: "As a 37-year-old African-American mother of two, searching for funds for graduate schools is a full time job in itself. My husband completed his doctoral studies * * * two years ago. We both feel teaching at the university level can help better prepare our public school teachers to educate the vastly growing minority population. I feel (IDEA Credit) * * * is a positive endeavor to promote an increase in goal-oriented educated minority citizens."

University of Health Services/The Chicago Medical School—Myron Winick, president; Theodore Booden, acting dean; Velkayudhan Nair, dean, School of Graduate and postdoctoral studies; Cynthia Adams, dean, school of related Health Sciences: "The problem of debt among students in the health sciences has reached staggering proportions. Many medical students graduate with debts between $75,000 and $100,000. The need to repay these debts very soon after finishing medical school is leading many graduates

away from primary care careers and into higher paying subspeciality careers. Your bill will go a long way in reducing these student debts. We believe the bill is well conceived and highly appropriate and, therefore, we strongly support its passage."

University of California, San Francisco—Emelie H.S. Osborn, associate dean, student affairs: "There is no doubt that the amount of debt is one of the key factors in medical student speciality choice which is driving many talented students away from primary care. * * * This is an important step toward improving the accessibility of higher education for all students."

Southern Illinois University—James M. Brown, chancellor: "I join many others in the higher education community in supporting a Pell Grant entitlement program. An entitlement program would help strengthen our commitment to provide a college education to all qualified students, regardless of their families' ability to pay. Further, I support your proposal to increase assistance to students from low income families, and your inclusion for eligibility in the Pell Grant program of students from moderate income families." Lawrence A. Juhlin, associate vice president for student affairs: "I want to express my strong support for IDEA Credit. * * * I am deeply gratified to see congressional action moving in the direction you are proposing."

Oklahoma State University—Gary Garoffolo, assistant director, office of student financial aid: "Direct lending * * * would simplify the process for students. There are few student borrowers today who truly understand or appreciate the Guaranteed Student Loan program in its current form. As we all know, there are a number of players in this game which leads to confusion and even alienation on the part of some borrowers. I believe that if the process is simplified loan repayments should increase, and default rates, which are a concern of both members of Congress and the financial aid community, should decrease. In addition, direct lending would provide an opportunity for timely error resolution. * * * At Oklahoma State University we expend a tremendous number of man-hours in making adjustments and assisting students after the fact. * * * The argument that institutions would not be able to administer such a loan program is lost on me. I believe that such a program can be administered effectively by institutions of all types and sizes, particularly if a system utilizing current Pell procedures is put in place to provide the necessary funding to schools and subsequently students. This would be a system with which Title IV eligible schools are already familiar. * * * I truly believe there is inherent in such a program cost savings to the taxpayers of the United States. * * * Quite frankly, if this type of program were to be put in place at no projected cost savings to the taxpayers I would still support such a measure based on the positive effects it would have for students and institutions."

Albany Medical College/Albany Medical Center, Albany, NY.—Anthony P. Tartaglia, dean: "The loan processing would be simplified for the financial aid office of our medical school. * * * I wholeheartedly support your program and urge you to move forward."

National Association of Independent Colleges and Universities—Richard F. Rosser, president: "* * * how to finance education for their kids * * * indeed is the nightmare of most Americans. Your proposal contains much of the good thinking that we have seen in earlier direct loan proposals. * * * We do have a concern, however, about the loss of the in-school interest subsidy. We would prefer that some of the savings that you now allocate to Pell Grants and early intervention would be used to cover in-school interest."

Eastern Wyoming College, Torrington, Wyo.—Kathy Moriarty, director of financial aid: "I * * * add my voice to the chorus of those who support the concept of direct lending and the critical need for additional grants for students. In particular, I am writing in support of the Simon-Durenberger proposal. I am deeply concerned about the tremendous need we see here at my college as a result of our changing student demographics. I am sure that we are not alone in the ranks of community colleges who are serving extremely large numbers of poor single parents, and unemployed and underemployed people. * * * Clearly, it is time for a major change. I believe that direct lending, and particularly direct lending as proposed by Simon-Durenberger, will be a much cleaner and smarter program. * * * There is a great need for income sensitive repayments. * * * Research has shown that the majority of defaults occur not because people choose to default but because they are simply unable to repay their loan at a given time. It is extremely difficult for a single parent with several small children to earn enough after one or two years of a community college education to support herself and her children, pay child care costs and make student loan payments. The Simon-Durenberger proposal would enable such a student to begin repayments when she has achieved sufficient earning power to realistically make those payments. * * * It is often a bureaucratic nightmare for students and institutions to obtain information on outstanding loans. In my opinion, the IRS would be much more effective in the area of collections than the tangle of lenders, guarantors and collection agencies and secondary markets presently in place. * * * Under the present system there is almost no way to control abuse. If and when abuse is discovered, it may be several years down the road. A direct draw-down of funds would make it immediately visible to the Department of Education if institutions were abusing the system."

Sangamon State University, Springfield, Ill.—Naomi B. Lynn, president: "I believe that your bill is preferable to the House legislation in this area and that it represents the best we are likely to get during the current session."

North Carolina Agricultural and Technical State University, Greensboro—Edward B. Fort, chancellor: "The IDEA Credit program, increased funding for the Pell Grant Program and the Excellence Scholarships program all represent the type of action needed to guarantee an educated America in the 21st Century."

University of Maine at Farmington—J. Michael Orenduff, president: "* * * I am acutely aware of the many flaws in our current array of student loans. Your proposal offers a simple, comprehensive, affordable and reasonable alternative."

Arizona State University—Lattie F. Coor, president: "It is clear that this new direction is a critical element to our nation's success in the future. Our current array of student financial aid program is clearly inadequate to meet the present demand, let alone the future financial demands of bright but needy students."

Kilian Community College, Sioux Falls, S.D.—Ron MacDonald, president: "(IDEA Credit) is the most meaningful action for increasing access to college for non-traditional students since the original G.I. Bill."

University of Chicago—Arthur M. Sussman, general counsel and vice-president for administration: "The concept of direct loans is of interest to The University of Chicago, first and foremost because of advantages it may have for many of our students. Over the years, the present program has become more complex for students, especially the application process. In addition, as you point out, students who wish to enter fields that are less well-paid may be deterred from doing so if they need loans to complete their training. The repayment plan you propose would ameliorate that difficulty."

University of Tennessee, Memphis—James C. Hunt, chancellor: "IDEA Credit is a splendid concept. The need is desperate for many students who simply are priced out of the market and are unable to achieve basic and advanced higher educational experiences * * * we often see health professional students in dentistry, medicine, pharmacy and graduate school students in the basic sciences run up enormous debts in the process of obtaining their pre- and post-doctoral education and training. Some of our dental and medical students have debts far in excess of $50,000 at the time of obtaining their doctoral degrees. When monies are available for loans, the hassle factor is very, very considerable, and living expenses are seldom adequate at best. The IDEA Credit Program will simply greatly the administrative process and should enormously diminish the cost."

Eastern Iowa Community College District, Davenport—John T. Blong, chancellor: "Your proposal addressed these concerns without increasing the paperwork our institution must handle, an accomplished feat. From a college perspective, key points in your proposal are that the plan will not increase the budget (and may actually result in saving federal funds) and will simplify the paperwork for colleges. We cannot continue to let students graduate from college with a staggering debt which they can only hope to repay with high-paying jobs. Your proposal restores incentives for students to enter lower-paying professions which have direct social applications and benefits. This will help rekindle the spirit that made us a caring country idolized throughout the world * * * Thank you for your understanding of what our students truly face."

Quinebaurg Valley Community College, Danielson, Conn.—Robert E. Miller, president: "Please record this as a hearty endorsement for the Financial Aid for All Students Act. I favor this approach to loan distributions that would provide more support to more students with less bureaucratic control and expense. Banks and loan guaranty agencies constitute a barrier to students, especially those who tend to be less sophisticated about accessing resources that will enable them to attend college."

Oklahoma Baptist University, Shawnee, Okla.—Bob R. Agree, president: "The IDEA Credit program has merit. It would help the middle income family more than any other direct loan idea I have seen * * * Your proposal seems to incorporate the best of several efforts that we've seen."

Eastern New Mexico University, Roswell—Loyd R. Hughes, provost: "Please consider this a letter of support * * * Any change which will open up the financial aid system to move middle class students while at the same time increase the amount of aid to the neediest students, spread the paycheck period over a longer period of time (depending on income), simplify the system and also

save money seems almost too good to be true."

State of Connecticut Board of Governors for Higher Education, Mattatuck Community College—Richard L. Sanders, president: "I believe the entire proposal will do much to simplify a process which is very difficult for individuals to understand, both inside and outside of higher education. I vigorously support it. * * *"

The Boston Conservatory—William A. Seymour, president; James T. Bynum, director of financial aid: "The IDEA Credit program would be especially important to our graduates. They are teachers and performers in the arts, and their income potential is generally limited during the first few years following their separation from the Conservatory. A deferred repayment program based on income and collected through the tax system would make it possible for more and varied students to have access to a professional arts education."

New Community College of Baltimore—Myrtle E.B. Dorsey, vice president, student affairs: "It is reassuring to see that you understand the problems that face students and parents in pursing a college education. Your amendment cuts right through the red tape and gets to a major problem parents and students face: where to find funds. Often for low-income students, bureaucracy intimidates them and even discourages many from thinking about the possibility of access to higher education. Generations suffer when all citizens cannot avail themselves of higher education opportunities. * * * lenders will be very much against this proposal because they profit from these programs. I am concerned that the banking lobbyists may work to defeat this amendment. I think many citizens would be surprised to see how much money is spent to subsidize banks by the current student loan program."

University of Hartford, Hartford, Conn.—Dr. Timothy B. Brown, special assistance to the president: "I strongly support (IDEA Credit). * * * it is clear to me that our diverse system of higher education which includes a mix of excellent public and private institutions will survive and grow only with increased public involvement and support. Accountability, however, is of paramount importance if the public is going to support increased aid for higher education. It must be made absolutely clear to a skeptical public that higher education is, in fact, a public good and that funds for student aid are actually being used in a cost-effective manner to provide all sorts of benefits for the community and the nation."

Colorado Northwestern Community College, Rangely, Colo.—Aubrey Holderness, president: "(IDEA Credit) simplifies access of fund support for all students, better assures accessibility of higher education/vocational education opportunities for all students, assures better program and institutional accountability to which we are committed, simplifies process and paperwork for schools, and provides substantive administrative and operational savings."

Denton Texas—Pat Thomas: "As a single woman struggling to work full time and complete a graduate program, I have been frustrated to find that my income, while barely covering my living expenses, is 'too high' for me to qualify for student loans. As a result, I am financing my graduate education largely with consumer credit cards—hardly the most cost-effective way, but I find it is my only option. Your program would certainly help me and many others in graduate and undergraduate programs."

Montgomery, Ill.—Mary Williams: "We are such a family (that would benefit under IDEA Credit). My husband is approaching retirement age and our youngest child just started college this fall. We don't feel like taking out big loans ourselves when we can see a reduced income when we are still trying to pay them off. Our son has a good scholarship. * * * But it still leaves a lot of expenses to be covered through other means. Having raised six children we have not saved tons of money to put number six through college. He is a high achiever and we want him to take advantage of his opportunities. I see more direct loans to students as an advantage to people like us. This is not a 'hardship' story, but I think we are a good example of the families that would be helped by the ideas you have proposed."

Mount Mary College, Milwaukee—Sister Ruth Hollenbach, president: "We fully support your efforts not only for the increased assistance that many students need but also the improvements in delivery and collections of these loans. At Mount Mary College we consider excellence to be our oldest tradition. The Excellence Scholarship program will encourage students to work hard to develop their talents and abilities."

Lafayette College, Easton, Penn.—Robert Rotberg, president: "* * * I strongly support your proposed amendment to the Higher Education Act. An IDEA Credit program of loans to deserving students, repaid out of later taxed earnings, make abundant sense to me as an educator and as a taxpayer."

Palm Beach Community College, Lake Worth, Fla.—Melvin Haynes Jr., vice president of student services: "* * * we wholeheartedly endorse (IDEA Credit). The program assists in meeting the increasing need for our people to have affordable access to higher educational opportunities by providing credit to students in a much more efficient manner than does our present student loan program."

Norwich University, Northfield, VT.—W. Russell Todd, president: "I support the concept contained in IDEA Credit. * * * It is also encouraging to see, under your proposal, that America's middle-class families will once again be eligible for student aid."

Amherst College, Amherst, Mass.—Joe Paul Case, dean of financial aid: "Amherst College supports IDEA Credit. * * * From our perspective, direct lending simplifies the loan process for students, streamlines colleges' paperwork and administrative details, delivers funds more promptly to students and their institutions, and is very likely to produce substantial savings for taxpayers. Bypassing the multitude of lending institutions and guaranty agencies that a college with a student body drawn from across the nation must deal with is especially attractive to us."

Coalition for Democratic Values—("New Program for a High-Wage, High-Productivity Economy.") The current system of the federal government providing costly guarantees to private banks and secondary market organizations must be replaced by a simpler and cheaper program of direct government lending. And the current system of repayment must be changed to one that is based on the individuals' income after graduation * * * (to) re-open the doors of higher education to hundreds of thousands of young people, allow them greater choice in both their education and their occupations after school, and allow them to manage their debt in a rational way."

• Mr. DURENBERGER. Mr. President, I'm pleased to join my distinguished colleagues from Massachusetts, Illinois, and New Jersey in introducing legislation authorizing creation of a new pilot income contingent direct loan program.

This legislation is based on a proposal I first introduced last summer called IDEA, a proposal that was originally authored in the House of Representatives by my mentor on this issue, Congressman TOM PETRI from Wisconsin.

Senator SIMON and I expanded on the IDEA proposal in legislation we introduced last fall that used savings from IDEA to help finance an expansion in the Pell Grant Program and a new merit-based Excellence Scholarship Program.

I'm also pleased that the proposal we are introducing today also incorporates elements of similar legislation introduced by Senator BRADLEY earlier last summer.

Mr. President, these various bills all differ in their details. But, they all authorize a new student loan program that has two essential features:

First, college loans that are available to students directly from the Government—eliminating millions of dollars in administrative expense and red tape; and

Second, loan payments that are based on post-college income and that are made through the IRS—eliminating millions of dollars in defaults and vastly simplifying how loans get collected.

All the charts and graphs and calculations needed to explain and analyze the IDEA program can be boiled down to those two central features, those two sets of advantages, and those two calculations of savings.

Mr. President, a big part of my sensitivity to the rising cost of going to college stems from my own experience as a parent and the experiences of my constituents who also have sons or daughters who are in, or about to enter, college.

Just 2 months ago, a new national survey found the rising cost of college to be our third biggest worry as families in America—right behind crime and drugs and—surprising to me, at least—ahead of health care.

Millions of middle income American families are clearly worried that going to college is something that could again become the sole province of the unsubsidized rich and the totally subsidized poor.

And, millions of American families are clearly worried that their kids won't have the same opportunities that we had to go to college—just one generation ago.

Mr. President, I also see the fears and doubts that are facing middle income American families every day in my mailbag.

As one Minneapolis couple wrote me recently, "Even though our combined incomes are about $60,000, we find it

hard as middle class citizens to pay college expenses and support a family. We are too poor to be rich and too rich to be poor."

One big reason for this frustration lies with the rising cost of going to college. From 1980 to 1987, inflation adjusted tuition rose five times faster than the rate of the median family income.

And, just 3 months ago, the papers were again reporting the College Board's annual report on average tuition and fees at public and private universities.

Inflation was 3 or 4 percent last year. But, tuition and fees were up 12 percent at public 4-year institutions and up 13 percent at 2-year public universities, the fastest growing sector of higher education.

All of this is happening at a time when incomes are leveling off, and home equity—the traditional savings bank that many of us drew on to finance our kids' educations—may even be declining in value.

What scares me the most about this trend is that it threatens to price middle income Americans out of higher education at the same time economic realities are demanding an even better educated work force.

That fear threatens the dream today's students have of getting a college education. And, that dream becomes a scary nightmare if we project current trends in the cost of higher education out into the future.

One constituent of mine recently wrote that he had priced out the cost of sending his three children to college—hoping to give them the same high quality education that had cost him and his family about $12,000 just 20 years ago.

His children are now ages 12, 9, and 3. And, by the time they complete college, the total cost of their education is projected to be between $200,000 and $400,000 depending on whether they attend public or private colleges.

That's an average of $67,000 for a public college education and $133,000 for private college—a tenfold increase in what it cost to send my Minnesota constituent to college just one generation ago.

A prudent parent would start saving for that kind of expense right now.

But, my constituent calculated that he and his wife would have to be saving more than $14,000 a year if their three children were going to public colleges and almost $30,000 a year to cover tuition and other expenses at private colleges—for each of the next 15 years.

Mr. President, that 21st century challenge cannot be met by our 1960's-era system of student grants and loans.

A system that's unnecessarily bureaucratic and complex.

A system that largely neglects the needs of middle income students and their families;

A system that spends billions of dollars a year on overhead and red tape;

A system that's vulnerable to administrative and financial problems best documented by last year's collapse of the Higher Education Assistance Foundation [HEAF];

A system that's limiting institutional, career and family-related choices for a growing number of students; and

A system that's burdening millions of students with inflexible loan payments and a growing level of debt that produced $3.9 billion in student loan default last year.

In the 5 years beginning in 1987, Federal student loan defaults have cost the taxpayers $11.5 billion.

More than 40 cents of every dollar we now spend on the Federal student loan program goes to pay off defaulted loans.

And, many of the thousands of borrowers in default are now stuck with a burden and a barrier to getting and sustaining a good start in life.

I ran into one of those borrowers recently in Duluth—a reporter for one of the local radio stations who defaulted on his student loan a few years ago while in a low paying job.

Today, because of that black mark on his credit rating, he and his wife can't get a loan for their first home.

My mailbag is full of similar sad stories including one Robbinsdale couple—both in default, but both now having the incomes and future earning potential to eventually pay off their loans.

But, because they are in default, their loans are now in the hands of a collection agency which is demanding payments they can't make.

"We would like to make regular payments," this couple wrote to me recently. "But, we feel our efforts are denied by the creditors insisting on unrealistic expectations."

The inflexibility of the current system is especially hard on very low-income individuals who may have failed the first time around in getting a college education and defaulted on their student loans.

As one advocate for many of these low income defaulted borrowers wrote recently:

"Most of these clients pursued education in good faith, hoping that school would result in a career and a better life. Their circumstances derailed their plans, but when we see them, they remain poor, unemployed, on assistance, and stuck."

"Perhaps most damaging is exclusion from additional financial aid. Thus, they find that the one door to self-sufficiency—education—is closed and locked."

That kind of indictment of the current student aid system requires more than tinkering and fine-tuning.

What we need is a fundamentally different way to both easing the burdens of rising cost and of insuring each of us against the uncertainties of incomes that often rise and fall throughout life.

My colleagues and I had hoped that we could have taken a bigger step toward reaching that goal in this year's higher education reauthorization. And, I realize we still have a great deal of work to do in the Finance Committee to make this program a reality.

But, the legislation we're introducing today represents a good start on the kind of fundamental reform in the financing of higher education I believe we need.

The new student loan program we have proposed is a fair, simple, efficient way of assuring financial access to higher education for thousands of middle income Americans who don't now qualify for a federally guaranteed student loan, and for many other students who have exhausted their loan limits under other programs.

Most importantly, the IDEA program offers flexibility in avoiding needless defaults for graduates when their incomes rise and fall because of changes in the economy, career choices, illness, or family obligations.

IDEA offers individuals in occupations with relatively low salaries, like teachers and social workers, the opportunity to pay off their loans without the unfair burden than now can discourage a public service career.

IDEA could be a low-cost solution to the concerns all of us have heard from medical students during the higher ed reauthorization about the loss of deferred interest during long and relatively low-paying residencies.

And, IDEA offers the potential to eliminate inefficiencies and flaws in the current student loan program—saving millions of dollars now going for overhead and red tape—saving millions of dollars now going to pay defaulted student loans.

Before I close, Mr. President, I would like to briefly address the concerns that have been raised about the impact a direct loan program like IDEA might have on banks, guarantee agencies and other third parties in the current system.

There are many legitimate concerns to be raised about the mechanics of income contingent direct loans. And, great care will be needed in crafting the details of a plan that is financially feasible to both borrowers and the Government.

But, let me state as clearly as I can Mr. President, I do not believe that the interests of third parties should be the overriding consideration in what we do.

The purpose of the Federal Student Loan Program, is to help provide financial access to higher education, not to offer a guaranteed source of income for banks. If students, institutions, and taxpayers can be better served by a different way of doing things, then I say "why not?"

I say that despite the firestorm of protest that emerged from many of those who now act as intermediaries in the student loan system last fall Senator SIMON and I introduced the IDEA proposal.

As I looked around the hearing room when IDEA was first on the Labor Committee's agenda, I saw a room packed with lobbyists determined to protect a Government guaranteed profit center for those who now issue loans, provide secondary markets, and do the collecting of those loans that are paid on time and those loans that go into default.

I would remind those interested parties that the legislation we are introducing today does not eliminate any existing programs or the role of those who administer them.

If, in the future, students and their colleges prefer the IDEA program—and if those choices reduce demand for existing programs—then the marketplace will have spoken.

Mr. President, I realize IDEA is a far-reaching proposal. It confronts powerful special interests. It challenges deep-seated ideology.

But, the system of student loans we have now, will not adequately serve Americans into the 21st century. The system we have now must be fundamentally changed.

To bring that process of change, the IDEA program offers a solid commitment to ensuring access to higher education for all Americans. I urge its support and I look forward to working with my colleagues on both the Finance and Labor Committees to make that commitment a reality.●

Mr. SIMPSON (for himself, Mr. METZENBAUM, and Mr. LIEBERMAN):

S. 2256. A bill to amend the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes, enacted July 5, 1946 (commonly known as the Lanham act), to require certain disclosures relating to materially altered films.

FILM DISCLOSURE ACT OF 1992

Mr. SIMPSON. Mr. President, I rise today—along with Senator METZENBAUM and Senator LIEBERMAN—to introduce the Film Disclosure Act of 1992.

This legislation would recognize the interest we all have in preserving the integrity of one of the most uniquely American of art forms—the motion picture. I personally recoil at the thought of colorizing such classics as "Casablanca" or "The Maltese Falcon." These films were intended to be shown in black-and-white by their creators.

Perhaps the most vivid example of an inappropriately altered film is the colorization of "Lost Horizon." That film was necessarily filmed in black-and-white because the mythical paradise in which it is set—Shangri-La—is formed by the author's and the audience's imagination. It is up to the viewer of "Lost Horizon" to "fill in the blanks" when visualizing that paradise.

I strongly believe that film audiences should know whether they are watching an original—or significantly different—version of the film in front of them. I also believe that film audiences should know whether the film's artistic authors object to the changes that have been made to the movie.

However, I also believe that any legislation that addresses film alteration must recognize the realities of the international market. The motion picture industry ranks second in producing a positive cash-flow in the U.S. balance of trade. While protecting the artistic integrity of motion pictures, I believe it is also essential that Congress do nothing to impede or harm the financial arrangements by which motion pictures are made and distributed.

The object of this legislation is to ensure that the artistic authors of motion pictures—principal directors, screenwriters and cinematographers—maybe able to inform the viewing public about any significant changes that are made to their work by studios or by television stations. The bill requires that labels be affixed to all films that are exhibited in a "materially altered" form. The label would contain two parts: First, the nature of the alterations would be described, and second, the objection, if any, of the principal artistic authors to the alterations would be clearly stated.

This bill does not prohibit the exhibition of materially altered films. Nor does the bill allow the principal artistic authors to have their names stricken from the altered versions of the film. The bill is truth in packaging proposal, nothing more. It simply gives the consumers of films vital information on: First, the changes that have been made to the film, and second, the objection of the film's author to those changes, if such an objection exists. I might add that film authors in many European countries have much more extensive rights to object to significant alterations of their work than this bill would provide.

Here are the types of alterations—made by people other than the artistic authors—that this bill would require to be labeled: First, colorization; second, panning and scanning—changing the film's image to fit wider movies onto the narrower television screen; third, lexiconning—altering the sound track; fourth, time compression or expansion—speeding up or slowing down a film; and fifth, editing—removal of material or insertion of new material.

These alterations occur with surprising frequency. It is my personal belief that many of these alterations pass unnoticed by a viewing public which might wish to see the original version intended by the artist. I also believe that these alterations discourage some artistic authors of films from making innovative films in the future.

However, let me emphasize again that this bill does not prevent alterations. It does not prevent copyright owners from changing the movie when it is distributed into the secondary markets—such as television or video stores. The bill simply will provide consumers with information on the alterations that are made to the film. Thus, this bill in no way impedes the workings of the market place for movies: It merely allows consumers of films to make the most informed choice possible when making their market-place decision about what films to watch.

A similar bill (H.R. 3051) has been introduced in the House by Congressman BOB MRAZEK and cosponsored by Congressman JOHN BRYANT. This bill differs from H.R. 3051 in the following areas:

First, it exempts film advertising from the labeling requirement;

Second, it changes the wording of the labels to ensure that the labels are factual, and not derogatory in any manner;

Third, it derives the remedies for a violation from the Lanham Trademark Act, not the Copyright Act;

Fourth, it establishes clear time limitations in the process of determining whether the artistic author objects to the alterations, to ensure that timely release of films into the secondary markets is not impeded;

Fifth, it prevents a film author from receiving more than $1 as consideration for waiving his or her right to object to a material alteration, to ensure that directors, screenwriters and cinematographers do not use this new right simply as leverage in contract negotiations with studios; and

Sixth, it clarifies that once a distributor of a materially altered film has contacted the authors of a film to determine whether there is an objection to the alteration, no subsequent commercial users of the film need to contact the film's authors—unless that user makes additional alterations.

Mr. President, it is my intention to work with the motion picture industry to ensure that this bill's intrusions into the industry's financial arrangements are reasonable and minimal. However, I believe that this bill is asking a small price for a large benefit—information about the artistic integrity of a film.

Mr. President, a little more knowledge never hurt anybody. That is all this bill provides: More knowledge to the consumer about the original artist's intent when a film is publicly shown. I commend this bill to my colleagues, and ask for their support.

I ask unanimous consent that a copy of the bill, a detailed summary of the legislation, and a statement by Senator METZENBAUM be printed at this point in the RECORD.

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

S. 2256

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 "Film Disclosure Act of 1992".

SEC. 2. FINDINGS.

The Congress finds that—

(1) motion pictures are an American art form that uniquely captures and preserves our national and cultural heritage;

(2) the integrity of a motion picture is compromised and diminished when the motion picture is sold, leased, or exhibited in a materially altered form;

(3) the public is misled when motion pictures are sold, leased, or exhibited in a materially altered form;

(4) the public has a right to know whether a motion picture which is being sold, leased, or exhibited has been materially altered;

(5) the reputation of the artistic author of a motion picture may be harmed when the original work is sold, leased, or exhibited in a materially altered form;

(6) the artistic authors of a motion picture must have the right to indicate their objections to any material alterations made to their work because otherwise the motion picture misrepresents their work;

(7) the practice of materially altering motion pictures can result in the discouragement of artistic creation in the motion picture field; and

(8) the Government has an interest in the encouragement of artistic creation through protection of an artistic author's reputation.

SEC. 3. AMENDMENT TO THE LANHAM ACT.

Section 43 of the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946, commonly known as the Lanham Act (15 U.S.C. 1125), is amended by adding at the end thereof the following:

"(c)(1)(A) Each public exhibition of a materially altered motion picture, and each copy of a materially altered motion picture offered to the public through sale or lease (including its film packaging), shall include a label which clearly and conspicuously discloses the following:

"(i) That the film has been materially altered from the form in which it was first released to the public.

"(ii) The nature of that alteration.

"(iii) The fact of objection, if any, by the artistic authors of the motion picture to any such alteration.

"(B) Any distributor or network that proposes to exploit a materially altered film in the manner set forth in subparagraph (A) shall—

"(i) make a good faith effort to notify in writing and by registered mail and in a reasonable amount of time prior to such exploitation those individuals described in paragraph (5)(B);

"(ii) determine the objections of any individual so notified to any specific material alteration of the motion picture;

"(iii) determine the objection of any individual so notified by the questionnaire set forth in paragraph (9) to any type of future material alterations which are in addition to those specifically proposed for the motion picture to be exploited;

"(iv) include or affix the label required under subparagraph (A) prior to the public performance of a materially altered motion picture already in distribution or the initial distribution of a materially altered motion picture to any exhibitor or retail provider of motion pictures intended for home use; and

"(v) in the event of affirmative objections by the artistic author to any future material alterations, include or affix such objections to any copy of a motion picture distributed or transmitted to any exhibitor or retail provider.

"(C) Whenever a distributor or network exploits a motion picture which has already been materially altered, such distributor or network shall not be required to satisfy the obligations set forth in subparagraph (B) (i), (ii), and (iii), if—

"(i) such distributor or network does not further materially alter such motion picture; and

"(ii) such motion picture was materially altered by another distributor or network that complied fully with all of the obligations set forth in subparagraph (B).

"(D)(i) The requirement of a good faith effort under subparagraph (B)(i) is satisfied if a distributor or network that has not previously been notified by each individual in paragraph (5)(B)—

"(I) requests in writing the name and address of each such individual from the appropriate Professional Guild Registry, indicating a response date of no earlier than 30 days following the date of the request, by which the appropriate professional guild must respond; and

"(II) upon receipt of such information from the appropriate professional guild within the time specified in the request, notifies each such individual reasonably in advance of the date upon which the motion picture is to be released into any secondary market.

"(ii) The notice to the artistic author shall contain a specific date, no earlier than 30 days following the date of such notice, by which the individual so notified shall respond in accordance with subparagraph (B)(ii). Failure of the artistic author or the appropriate professional guild to respond within the time period specified shall relieve the distributor or network of all liability under subparagraph (B) (except for clause (iv) of such subparagraph);

"(E) The obligations of an exhibitor shall be limited to—

"(i) broadcasting, cablecasting, exhibiting or distributing all labels required under this section in their entirety as included with or distributed by the network or distributor of the motion picture; and

"(ii) including or affixing a label as described in paragraphs (6) and (8) on a materially altered motion picture as required under paragraph (1)(A) for any material alterations performed by the exhibitor to which the individuals described in paragraph (5)(B) have objected through the questionnaire procedure described in paragraph (1)(B)(iii).

"(F)(i) The provisions of this paragraph shall apply with respect to motion pictures intended for home use through either retail purchase or rental, except no requirement imposed under this paragraph shall apply to a motion picture which has been packaged for distribution to retail providers before the effective date of this section.

"(ii) The obligations of a retail provider of motion pictures intended for home use shall be limited to including or distributing all labels required under this section in their entirety as affixed or included by a distributor or network.

"(G) There shall be no consideration in excess of one dollar given in exchange for an artistic author's waiver of any objection or waiver of the right to object under this subsection.

"(2)(A) Any artistic author of a motion picture publicly exhibited or offered to the public through sale or lease within the United States who believes he is or is likely to be damaged by a violation of this subsection may obtain appropriate relief with respect to any violation of this paragraph without regard to the nationality or domicile of the artistic author.

"(B)(i) In any action under subparagraph (A), the court shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of an artistic author. Any such injunction may include a provision directing the defendant to file with the court and serve on the plaintiff within thirty days after the service on the defendant of such injunction, or such extended period as the court may direct, a report in writing under oath setting forth in detail the manner and form in which the defendant has complied with the injunction. Any such injunction granted upon hearing, after notice to the defendant, by any district court of the United States—

"(I) may be served on the parties against whom such injunction is granted anywhere in the United States where they may be found; and

"(II) shall be operative and may be enforced by proceedings to punish for contempt, or otherwise, by the court by which such injunction was granted, or by any other United States district court in whose jurisdiction the defendant may be found.

"(ii) When a violation of any right of an artistic author shall have been established in any civil action arising under this section, the plaintiff shall be entitled to the remedies provided under section 35(a).

"(iii) In any action under subparagraph (A), the court may order that all film packaging of a materially altered motion picture (including film packages of motion pictures intended for home use through either retail purchase or rental) that is the subject of the violation shall be delivered up and destroyed.

"(C) No action shall be maintained under this subsection unless it is commenced within 1 year after the claim accrues.

"(3) Any disclosure requirements imposed under the common law or statutes of any State respecting the material alteration of theatrical motion pictures are preempted.

"(4) To facilitate location of a potentially aggrieved party, each individual identified in paragraph (5)(B) may notify the copyright owner of the motion picture or, as appropriate, one or more of the organizations maintaining a Professional Guild Registry. These organizations may maintain a current registry of persons so notifying them and may make available such information in their possession to facilitate the location of any individual so registered for purposes of paragraph (1)(B). No cause of action shall accrue against any of the professional guilds listed in such section for failure to create or maintain a Professional Guild Registry or for any failure to provide information pursuant to paragraph (1)(B)(i).

"(5) As used in this subsection:

"(A) The term 'film' or 'motion picture' means a theatrical motion picture after its publication.

"(B) The term 'artistic author' means—

"(i) the principal director, principal screenwriter, and, to the extent a theatrical motion picture is colorized or its photographic images materially altered, the principal cinematographer of the film; or

"(ii) in the event that an individual listed in clause (i) is deceased or incapacitated, the heir or heirs of that individual.

"(C) The term 'to colorize' or 'colorization' means to add color, by whatever means, to a published version of a theatrical motion picture originally made in black and white.

"(D) The term 'distributor' means any person, vendor, or syndicator who engages in the wholesale distribution of motion pictures to any exhibitor, network, retail provider or other person who publicly performs motion pictures by means of any technology, except such term shall not include laboratories or other providers of technical services to the motion picture, video or television industry.

"(E) The term 'heir' means any person to whom a right passes by bequest or by the applicable laws of intestate succession.

"(F) The term 'lexiconning' means to alter the sound track to conform the speed of the vocal or musical portion of a theatrical motion picture which has been the subject of time compression or expansion.

"(G) The term 'exhibitor' means any local broadcast station, cable system, airline or motion picture theatre or other person that publicly performs a motion picture by means of any technology.

"(H) The term 'material alteration' means any change, with the exception of changes excluded by this subparagraph, made to a motion picture after its publication. Material alteration includes, but is not limited to, the processes of colorization, lexiconning, time compression or expansion, panning and scanning and editing (purposeful or accidental removal of existing material or insertion of new material). Material alteration does not include insertions for commercial breaks or public service announcements, editing to comply with the requirements of the Federal Communications Commission (in this subsection referred to as the 'FCC'), transfer of film to videotape or any other secondary media now in existence or developed hereafter, preparation of a motion picture for foreign distribution (subtitling and editing limited to those alterations made under foreign standards which are no more stringent than existing FCC standards) or legitimate film preservation activities (the primary purpose of which is the restoration of the motion picture to its original version).

"(I) The term 'network' means any person who distributes motion pictures to broadcasting stations or cable systems on a regional or national basis for public performance on an interconnected basis.

"(J) The term 'panning and scanning' means the process by which a motion picture, composed for viewing on theatre screens, is adapted for viewing on television screens by modification of the aspect ratio (ratio of width to height) of the motion picture and the selection, by someone other than the motion picture's principal director, of some portion of the entire picture for viewing.

"(K) The term 'Professional Guild Registry' means a list of names and addresses of persons readily available from the files of (i) in the case of directors, the Directors Guild of America (DGA); (ii) in the case of screenwriters, the Writers Guild of America-West (WGA-W) and the Writers Guild of America-East (WGA-E); and in the case of cinematographers, the International Photographers Guild (IPG), and the American Society of Cinematographers (ASC).

"(L) The term 'publication', with respect to a motion picture, means the first paid public exhibition of the work following previews, trial runs and festivals.

"(M) The term 'retail provider' means the proprietor of a retail outlet that sells or leases motion pictures for home use.

"(N) The term 'secondary media' means any medium, including but not limited to video cassette or video disc, other than television broadcast or theatrical release, now in existence or hereafter developed, by which motion pictures are sold, leased, or distributed to the public.

"(O) The term 'syndicator' means any person who distributes a motion picture to a broadcast television station, cable television system, or any other means of distribution by which programming is delivered to television viewers.

"(P) The term 'motion picture' means a motion picture of 60 minutes duration or greater, intended for exhibition, public performance, public sale or lease. Such term does not include episodic television programs of less than 60 minutes duration (exclusive of commercials), motion pictures prepared for private, commercial or industrial purposes, and advertisements.

"(Q) The terms 'time compression' and 'time expansion' mean to alter the speed of a theatrical motion picture or a portion thereof with the result of shortening or lengthening the running time of the work in order to fit the picture into a television schedule, airline schedule, or secondary media length.

"(R) The term 'vendor' means the wholesaler or packager of a motion picture which is intended for wholesale distribution to retail providers.

"(6)(A) A label for a materially altered version of a theatrical motion picture intended for public performance or home use shall consist of a panel card immediately preceding and adjacent to the commencement of the motion picture, which bears one or more of the following statements, as appropriate, in legible type and displayed on a conspicuous and readable basis:

'THIS FILM IS NOT THE VERSION ORIGINALLY RELEASED. _____ mins. and _____ secs. have been cut [or, if appropriate, added]. The [insert, if appropriate: heirs of the] director, _____, and [insert, if appropriate: the heirs of the] screenwriter, _____, object because this alteration changes the narrative and/or characterization. It has (also) been panned and scanned. The director and [insert, if appropriate: the heirs of the] cinematographer, _____, object because this alteration removes visual information and changes the composition of the images. It has (also) been colorized. Colors have been added by computer to the original black and white images. The director and cinematographer object to this alteration because it eliminates the black and white photography and changes the photographic images of the actors. It has (also) been electronically speeded up (or slowed down). The director objects because this alteration changes the pace of the performances.'

"(B) A label for a motion picture that has been materially altered in a manner not described by any of the label elements set forth in subparagraph (A) shall contain a statement similar in form and substance to those set forth in subparagraph (A) which accurately describes the material alteration and the objection of the artistic author.

"(7) A label for a motion picture which has been materially altered in multiple ways, or of which an individual served as more than one artistic author, including the principal director and principal screenwriter, need only state the name of the artistic author once, in the first objection of the artistic author so listed. In addition, a label for a motion picture which has been materially altered in multiple ways needs only state once, at the beginning of the label: THIS FILM IS NOT THE VERSION ORIGINALLY RELEASED.

"(8) A label for a film package of a materially altered motion picture shall consist of—

"(A) an area of a rectangle on the front of the package which bears, as appropriate, one or more of the statements listed in paragraph (6) in a conspicuous and legible type in contrast by typography, layout, or color with other printed matter on the package; and

"(B) an area of a rectangle on the side of the package which bears, as appropriate, one or more of the statements listed in paragraph (6) in a conspicuous and legible type in contrast by typography, layout, or color with other printed matter on the package.

"(9) The questionnaire required under paragraph (1)(B)(iii) shall consist of the following statement and related questions:

'In order to conform [insert name of motion picture], of which you are an "artistic author" (or the heir thereto), to ancillary media such as television, airline exhibition, video cassettes, video discs, or any other media hereafter developed, do you object to:

'(a) Editing (purposeful or accidental deletion or addition of program material)?

Yes_____ No_____

'(b) Time compression/time expansion/lexiconning?

Yes_____ No_____

'(c) Panning and scanning?

Yes_____ No_____

'(d) Colorization, if the motion picture was originally made in black and white?

Yes_____ No_____

'(e) If the artistic author of the motion picture listed above is deceased or incapacitated, are you the heir of the artistic author?

Yes_____ No_____' ".

SEC. 4. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this Act and the amendment made by this Act shall take effect on the date of enactment of this Act.

(b) SPECIAL RULE.—Paragraphs (1) and (2) of section 43(c) of the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946 (commonly known as the Lanham Act) (as added by section 3 of this Act) shall take effect 180 days after the date of the enactment of this Act.

Mr. METZENBAUM. I am pleased to introduce along with Senators SIMPSON and LIEBERMAN the Film Disclosure Act of 1992. Film is certainly one of the preeminent American art forms. American movies have changed the way we view ourselves, and the way we view the rest of humanity. They've made us laugh, made us cry, and made us think. Little more can be asked of a work of art.

Sadly, the integrity and authenticity of American films receive less protection in this country than in other parts of the world. Classic American films, works of art, are looked upon by their owners as products which can be altered or distorted without the consent or input of their artistic creators.

When the great director John Huston saw the colorized version of his masterpiece, "The Maltese Falcon," he considered it to be an act of defacement and mutilation. "The Maltese Falcon," he said, was "not to be conceived in any other way than black and white." Colorization ruined the tone, atmosphere, and visual force of his film, and yet the colorized version continued to be represented as his work. His name continued to be associated with a product that was nothing more than computerized forgery of his work. The public was misled, and the integrity of his artistic vision was harmed.

Imagine the reaction if a dealer in art prints altered a painting by Monet, Renoir, or some other impressionist because he thought the work of impressionist painters was too blurry or had too many dots. At the very least, we would want the public to know that those prints were not versions of the paintings as originally created by Monet or Renoir.

Or imagine the reaction if a publisher decided that the way to get more people to read Shakespeare would be to update all that 16th century Elizabethan English into 20th-century jargon. At the very least, we would want the public to know that any such work is not the original Shakespeare.

Modern technology has offered us wonderful new tools to aid in movie making. It also has offered much in the way of post production mischief making. Crayon-colored imitations of classic American works of art can be palmed off as the real thing. Scenes can be altered or added, shots can be changed or cut, and the dimensions and perspective of the film can be distorted, all without the consent of the artistic authors or the knowledge of the public.

The movie business is obviously big business. But the best American films are more than just products or commodities. They are works of art. And if they are going to be changed or altered at the whim of a studio marketing executive, the public at least should be told that there is an original version which conforms to the artistic vision of its creators.

When a motion picture is colorized or otherwise materially altered, what viewers see is no longer the product of the artistic vision and technical skills of the film's director and cinematographer. Rather, what they see is the product of a computer or a machine.

In the interest of full and fair disclosure, and in the interest of promoting the integrity and authenticity of American films, the public at least should be told that a materially altered film is not the original work created by its artistic authors.

The legislation being introduced today is simple. It simply requires that the public be told that the film has been altered, and that the artistic authors of the film be granted an opportunity to inform the public that they object to the alterations.

This bill does not forbid the colorization or material alteration of any film, and it will not delay the release of motion pictures into secondary markets such as videocassettes and television. Ted Turner now voluntarily labels the films which he colorizes, and there has been no adverse impact on sales or rentals.

We have tried to craft a bill based upon a simple principle: When a film is materially altered without the consent of its artistic authors, the public should be told and the creators ought to have the chance to register their objections. We are open to any suggestions about how to implement this basic principle, and are ready and willing to work with the studios or any other party interested in the legislation.

FILM DISCLOSURE ACT OF 1992 DETAILED SUMMARY

REQUIREMENTS

All materially altered films must be labelled.

The bill only requires the labeling of materially altered films.

The bill does not prevent materially altered films from being exhibited in their altered form.

The bill does not allow the artistic authors to have their names removed from the altered film.

Label shall consist of: (1) description of material alteration, and (2) objection, if any, of film's principal authors to the alteration.

"Descriptions of material alteration" are factual only; they may not be derogatory or express opinion about the artistic merits of the alteration.

"Objection of film's principal authors" may only be asserted by: principal director, principal screenwriter, or principal cinematographer (if film's visual images are materially altered).

"Material alteration" includes: colorization of black and white films, time compression or expansion (speeding up or slowing down a film), panning and scanning (changing the movie's dimension and perspective to fit a wide-screen movie into the TV's dimensions), or lexiconning (alteration of a film's soundtrack).

"Material alteration" does not include: panning and scanning performed by the principal director, insertions of commercial messages or public service announcements for television, television editing to comply with Federal Communications Commission rules (i.e., editing to remove obscene material from TV broadcasts), or legitimate film preservation or restoration activities.

PROCESS FOR DETERMINING OBJECTION OF FILM'S ARTISTIC AUTHORS

Person or entity which materially alters the film must contact the professional guild representing the film's artistic authors.

Professional guild must contact artistic authors, to determine whether there would be objection to the material alteration proposed.

If professional guild or artistic authors do not respond within time periods described below, then altered film may be released with a label describing only the nature of the material alteration.

TIME LIMITS

Director's, Screenwriter's, or Cinematographer's guild must provide film studio (or other material alterer) with name and address of film authors within 30 days of request.

Film author must respond with objection, if any, to material alteration, within 30 days of notification.

PERSONS OR ENTITIES COVERED

Any person who materially alters a film and then acts as a wholesale distributor of the altered version must comply with both the notification and labeling requirements.

Film studios and television networks are examples of the above.

Any person who exhibits a materially altered film must affix and display the label required by this bill.

Independent television stations and cable systems are examples of the above.

Persons and films not covered: retail video outlets (they need only display the label affixed by the entity that altered the film), films distributed at the retail outlet level before 180 days after the date of enactment of this bill.

FILM INTERESTS COVERED

Only materially altered films and the packaging of such films must contain labels.

Film advertising and promotional materials are not covered by this bill.

REMEDIES

Trademark Act remedies are available against persons violating the labeling requirements: injunctions (against further distribution of the non-labelled film), damages to the film authors, costs of the litigation brought by the injured film author, and recall of non-labelled films released onto the market.

WAIVER OF RIGHTS

Film authors may not receive more than $1 as consideration for their agreement to waive the right to object to a film studio materially altering their film.

This requirement ensures that a film's authors do not use the rights created by this bill simply as leverage to receive a larger compensation from the studio or other entity which employs them.

By Mr. BENTSEN (for himself and Mr. ROCKEFELLER):

S. 2257. A bill to amend the Social Security Act to extend the terms of service of the members of the National Commission on Children, and for other purposes; to the Committee on Labor and Human Resources.

TERMS OF SERVICE OF MEMBERS OF THE NATIONAL COMMISSION ON CHILDREN

• Mr. BENTSEN. Mr. President, today I am introducing legislation, cosponsored by Senator ROCKEFELLER, that will extend the appointment of the members of the National Commission on Children. The extension is provided to give the Commission the time to finish the work of fully disseminating the valuable information gathered during their intensive, 2½-year study.

In 1987, I authored legislation to establish this Commission because I believe it was time for our country to develop a bipartisan strategy to address the needs of our children. Children don't vote. Study after study has shown that, compared to other age cohorts, they are the poorest group in our society. But our future rests with them, and our Nation must act to meet the needs of our children and their families.

The Commission has worked diligently to research the issues facing today's families. I joined the chairman of the Commission, Senator ROCKEFELLER, and other Commission members for a visit to San Antonio, TX, in November 1989 to learn more about the importance of early childhood development and school readiness. This was just one of many site visits across the country in which Commission members spoke with children, parents, teachers, health care professionals, and others who work daily to meet the needs of American children and their families.

Despite the complexity of the issues involved and the wide range of views represented by Commission members, last June the National Commission on Children unanimously adopted a strong report that outlines ways our Nation can address the needs of children and families. This bold report offers a useful outline, but the Commission still has important work to do in disseminating its valuable data and findings to the American public.

Mr. President, the legislation I am introducing today simply extends the appointments of commissioners through December 31, 1992, so that they can follow through completely on their mandate. No additional funding would be necessary, as the funds needed to support the continuing operation of the Commission have already been provided by the fiscal year 1992 Labor-HHS appropriation enacted last year.

The Commission has made a major contribution to public awareness and to the debate about the needs of America's children and families. Our bill will make the technical changes needed to ensure that the Commission will continue to the end of this year and complete the official work that is needed to fulfill its mandate. It is my hope that the Commission's spirit of bipartisan consensus and commitment to children will encourage the administration, the Congress, and the people of America to work together to address the many issues important to our children.

Mr. President, I ask unanimous consent that the text of S. 2257 be inserted in the RECORD at this point.

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

S. 2257

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

SECTION 1. NATIONAL COMMISSION ON CHILDREN.

(a) AMENDMENT TO SOCIAL SECURITY ACT.—Section 1139(e)(1)(A) of the Social Security Act (42 U.S.C. 1320b-9(e)(1)(A)) is amended by striking out "for terms ending on March 31, 1991" and inserting in lieu thereof "for terms ending on December 31, 1992".

(b) AUTHORITY.—Notwithstanding any other provision of law, the National Commission on Children shall terminate on December 31, 1992. The Commission shall retain the authority provided to such Commission on the date of enactment of section 1139 of the Social Security Act (42 U.S.C. 1320b-9) until December 31, 1992. The Executive Director and staff of such Commission shall have a reasonable period of time, not to extend beyond March 31, 1993, to conduct those activities that have been determined by the Chairman of the Commission to be required to close down the operations of the Commission.•

• Mr. ROCKEFELLER. Mr. President, I am proud to cosponsor Senator BENTSEN's bill to extend the appointments of the members of the National Commission on Children.

Senator BENTSEN has been an extraordinary advocate for children and families. His vision in establishing the Commission has enabled us to thoroughly research the problems facing children and develop a bipartisan report on ways to address the needs of families. I am truly proud of our efforts, and believe that the consensus that emerged in our final report will provide the foundation we need to push forward on a bold agenda for children.

Our final report was published in June 1990, but the Commission still has work to do in order to complete its original mandate to assess the status of children, and move forward on proposals to address their needs through public- and private-sector programs.

In this final phase, the Commission has five basic objectives. First, I am committed to increase public consciousness of the problems facing American children and families and society's shared responsibility for solving them. Next, the Commission is developing a bold plan to inform public- and private-sector decisionmakers at all levels.

Our third step will be to translate the Commission's recommendations into specific strategic steps for implementation at the Federal, State, and community level. Next, it will be essential to build a strong base of support in all sectors of society for taking necessary steps to improve the health and well-being of our Nation's children. Finally, the Commission will also monitor progress.

In order to take advantage of the strong bipartisan recommendations and publish our additional research, the Commission needs to continue its work this year.

I am grateful for Senator BENTSEN's original leadership in establishing the Commission and his continued support for its mission.•

By Mr. MITCHELL (for Mr. KERREY, for himself, Mr. KENNEDY, and Mr. DASCHLE):

S. 2258. A bill to establish an Education Capital Fund to assist local systematic reform initiatives, and for other purposes; to the Committee on Finance.

EDUCATION CAPITAL FUND ACT OF 1992

•Mr. KERREY. Mr. President, today, I am introducing the Education Capital Fund Act of 1992. This legislation creates a new Federal partner in education, one that is willing and able to work directly with schools and school districts that are committed to undertaking systemic reform. I ask unanimous consent that a summary and the full text of the legislation be printed following my prepared remarks.

This legislation harnesses the ideas and energies of local educators, parents, students, community, and business leaders to restructure our Nation's educational system. Although our schools face difficulties, we should not lose sight of the fact that throughout the country there are tremendously successful experiments already occurring. We need to encourage and support these promising reforms because their success will trigger a revolution in our schools so that our children will have the skills necessary to compete in the coming century.

This legislation creates a venture capital corporation for America's schools. Its five-person Board of Directors will seek out opportunities to leverage a Federal investment in local initiatives. The Board will normally provide up to 75 percent of the assistance directly to local entities.

A local school or school district would enter into a 3- to 10-year performance-based contract with the Board, which would link annual payments to the entity's progress in carrying out the terms of the contract, including increasing student achievement.

The Board would also be authorized to enter into contracts with up to five States who are willing to commit to a statewide systemic reform initiative.

The Education Capital Fund Board would be an independent agency composed of two education experts, including one who is active at the local level, two business leaders involved in educational reform, and the Secretary of Education. The Board would administer a $1 billion dedicated trust fund raised through a modest 0.15-percent increase in the corporate tax rate. The tax will be eliminated once the fund reaches $1 billion. The Board will use the interest on the fund to invest in our schools.

There are three guiding principles to this proposal:

First, successful reform comes from below. School reform will only succeed if it originates at the local level and has a base of support and leadership to

sustain it over time. Top-down directives simply will not work. Federal or State bureaucracies are not flexible enough to respond to the needs of our country's 83,000 public schools. We need to abandon our reliance on the top-down factory-style model of education that has dominated public education for the last century. We need to unleash the knowledge, experience, and commitment of local teachers, parents, students, community, and business leaders. We need to recognize that teachers, if given a greater role in decisionmaking, will help transform how our children are taught and how our children learn. We need to reconnect the family and the school. The current gulf between the school and the family is simply too great. Education has been structured for the needs of bureaucrats, not for the needs of the child. The time has come to reclaim education for the child, the family, and democracy.

Second, there is no single blueprint for successful reform. Even though Federal and State Government have often exercised enormous influence in education, the primary educational political unit in our country has been the local school board. These 16,000 boards reflect the diversity and richness of their local schools. Each locality has its particular strengths and weaknesses. There is no one particular solution to restructuring our schools. There are many good ideas, but the particular combination of measures will need to respond to the specific local problems and will need to draw on the strengths of that community.

The most outstanding practitioner of this approach is Dr. Ted Sizer, founder of the Coalition of Essential Schools and professor at Brown University. Dr. Sizer writes:

> No two good schools are ever quite alike. No good school is exactly the same from one year to the next. Good schools sensitively reflect their communities, both the students and teachers with the school building, and the wider neighborhood it serves. A good school respectfully accommodates the best of its neighborhood, not abjectly—playing whatever tune any particular special interest group might demand—but sensibly, balancing the claims of national values with those of the immediate community.
>
> A good school is the special creation of its own faculty—its teachers, counselors, and administrators. These are its "permanent" folk. A school has character if its key faculty—its Senators—feel collective responsibility for it, take its standards and its style seriously and protect its reputation."

My plan seeks to provide venture capital to communities that are willing to challenge themselves and commit themselves to working over the long term to improve their schools, and in time, their communities.

Third, in order to be successful, reform must be systemic. Incrementalism, ad hoc, and uncoordinated are apt terms to describe most of the reforms that have been tried out on our schools. All too often we have became bogged down in a "project mentality" without giving enough thought to the limits of the structures within which our schools operate. Edward Fiske, in writing about the failure of the reforms kicked off by "A Nation of Risk," comments that:

> The reforms inspired by "A Nation at Risk" contained no new ideas! They called for more of the same: more core academic courses, more standardized tests, a longer school year, more money for teachers. By the end of the 1980's it was evident that the existing system of public education had been pushed to its limits and that more of the same would not make any difference.

Reform only has a chance of succeeding if our strategy is a coordinated effort that seeks to undermine the structural barriers that impede the recasting of our public education system to better address the needs of life in the 21st century.

This reform will need to be systemic reform. My thinking on this matter has been influenced by the work of David Hornbeck, who developed a series of components that are needed to provoke the type of systemic change I believe is necessary to reform our educational system. Systemic reform must be committed to a number of beliefs or assumptions:

All students can learn at significantly higher levels;

The goals of a school apply to all students;

Teaching and learning should be personalized to the maximum feasible extent;

Education must be performance- or outcome-based;

Assessment strategies must be as strong and rich as the outcomes;

School staff must have a major role in decisionmaking;

Major emphasis on staff development is essential;

A high-quality pre-kindergarten program is essential;

The needs of the whole child must be considered and addressed;

Technology can play a meaningful role in raising student and teacher productivity.

Merely adjusting one element will not work. Real change will only occur once we address this broad range of components.

The impetus for this legislation comes from my conversations with parents, students, teachers, administrators, counselors, probation officers, and others who have expressed a sense of urgency about children and their future. I have heard their words and this legislation begins to address their concerns. It allows the local community to formulate their ideas into a plan and offers a Federal partner that will help them realize their goals.

The Education Capital Fund will enable us to respond quickly and efficiently to the desires and needs of parents, teachers, and community leaders who are working at the local level to fashion specific educational programs for their children.

The commitment and know-how is there. I have met remarkable individuals working in the most trying circumstances who are succeeding despite the system. I want to harness their optimism and wisdom to bring about a revolution in education. We cannot be afraid to challenge our orthodoxies. We will need to challenge entrenched interests and bureaucracies. We will need to bring an experimental attitude and we will need to demand quality and performance from every school and every student.

Mr. President, I ask unanimous consent that the text of the bill and a summary be printed in the RECORD.

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

S. 2258

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 "Education Capital Fund Act of 1992".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) in light of the economic challenges in the coming decades, it is vital that the United States take far-reaching steps to rethink and redesign its educational system;

(2) numerous measures have been suggested to strengthen and improve the educational system;

(3) the scope of the problems confronting the 16,000 school districts and 83,000 public schools within the United States precludes any single solution;

(4) because of the fundamental importance of local participation to the success of educational reform undertakings, any redesign initiative must encourage, reward, and sustain local initiatives;

(5) school reform efforts will only be successful if students, parents, and business and community leaders work together with teachers and school administrators in order to improve education;

(6) the success of a school reform depends on the reform being a systemic reform;

(7) any systemic reform effort should be committed to a number of assumptions or beliefs, including assumptions and beliefs that—

(A) all students can learn at significantly higher levels;

(B) the goals of a school apply to all students;

(C) teaching and learning should be personalized to the maximum feasible extent;

(D) education must be performance- or outcome-based;

(E) assessment strategies must be as strong and rich as the outcomes;

(F) school staff must have a major role in decision-making;

(G) major emphasis on staff development is essential;

(H) a high-quality pre-kindergarten program is essential;

(I) the needs of the whole child need to be considered and addressed; and

(K) technology can play a meaningful role in raising student and teacher productivity;

(8) because education is a national concern, the Federal Government should be a leading

catalyst in encouraging State and local community efforts to strengthen and improve the education of our children;

(9) in order for the Federal Government to become a successful partner in local reform efforts, the Federal Government must redefine the traditional means of providing educational assistance; and

(10) in order for the Federal Government to respond to the needs of local reform efforts, it is vital that the Federal Government—

(A) provide assistance through a flexible mechanism that ensures accountability; and

(B) possess the means to contract directly with local school entities.

(b) PURPOSES.—The purposes of this Act are to—

(1) establish an Education Capital Fund;

(2) provide significant Federal assistance through the Fund to local educational agencies, consortia of the agencies, and nonprofit organizations as an impetus for systemic educational reforms based within the local community;

(3) provide significant Federal assistance to up to five States that agree to undertake a statewide systemic education initiative; and

(4) contract directly with the States, agencies, consortia, and organizations through the Fund to—

(A) develop and implement systemic reform initiatives that focus on efforts to redesign schools so that the schools meet the needs of all children; and

(B) establish changes and alignment of sets of policies that address critical issues facing education, including access, accountability, governance, curriculum, instruction, technology, assessment, finance, and resource development.

SEC. 3. DEFINITIONS.

As used in this Act:

(1) BOARD.—The term "Board" means the Education Capital Fund Board established in section 4(a).

(2) FUND.—The term "Fund" means the Education Capital Fund established in section 9511 of the Internal Revenue Code of 1986, as added by section 15.

(3) SYSTEMIC REFORM INITIATIVE.—The term "systemic reform initiative" means one of a range of measures, including initiatives described in section 6(b), that are based on the assumptions and beliefs described in subparagraphs (A) through (K) of section 2(a)(7).

SEC. 4. EDUCATION CAPITAL FUND BOARD.

(a) IN GENERAL.—There is established as an independent agency an Education Capital Fund Board.

(b) COMPOSITION.—The Board shall be composed of—

(1) the Secretary of Education; and

(2) four members, no more than two of whom shall be from the same political party, appointed by the President with the advice and consent of the Senate, including—

(A) two individuals with experience with systemic reform initiatives, selected from among—

(i) individuals with experience in venture capital investment; or

(ii) prominent corporate officials;

(B) one individual with widely recognized experience in the field of education; and

(C) one individual selected from among local teachers, local school district officials, or other local education officials.

(c) VACANCIES.—The President shall fill any vacancy in the membership of the Board 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 Board.

(d) TERM.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the President shall appoint each appointed member of the Board for a term of 3 years.

(2) ORIGINAL MEMBERS.—The President shall appoint two of the members first appointed to the Board for a term of 3 years, and two for a term of 4 years. The President shall have discretion to determine which positions shall be filled for each term.

(3) VACANCY APPOINTMENTS.—Any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed.

(4) REAPPOINTMENT.—The President may reappoint an appointed member of the Board for a second term in the same manner as the original appointment.

(e) PRESIDENT AND VICE PRESIDENT.—The Board shall select a President and a Vice President from among the members of the Board.

(f) COMPENSATION.—Members of the Board, with the exception of the Secretary of Education, shall be compensated at a level comparable to level II of the Executive Schedule, in accordance with section 5313 of title 5, United States Code.

SEC. 5. STAFF OF BOARD.

(a) EXECUTIVE DIRECTOR.—

(1) APPOINTMENT.—The Board shall appoint an Executive Director. No individual may serve as Executive Director for more than 8 years. The Executive Director shall serve at the pleasure of the Board.

(2) RESPONSIBILITIES.—The Director shall—

(A) advise the Board about developments in education that merit the attention of the Board;

(B) identify promising systemic reform initiatives;

(C) consult with the Board on priorities for providing funding for systemic reform initiatives;

(D) design an application process for entities seeking funding for the initiatives;

(E) establish a referral network, as described in section 9, to provide technical assistance to entities;

(F) monitor initiatives that receive funding under this Act, and administer reviews of the initiatives, under section 10;

(G) disseminate the results of the reviews;

(H) prepare annual reports to Congress under section 13; and

(I) coordinate the work of the Fund.

(b) CHIEF FINANCIAL OFFICER.—

(1) APPOINTMENT.—The Board shall appoint a Chief Financial Officer for a 6-year term. The Chief Financial Officer shall serve at the pleasure of the Board.

(2) RESPONSIBILITIES.—The Chief Financial Officer shall oversee all financial transactions involving the Fund and ensure the continued financial viability of the Fund.

(c) GENERAL COUNSEL.—

(1) APPOINTMENT.—The Board shall appoint a General Counsel for a 6-year term. The General Counsel shall serve at the pleasure of the Board.

(2) RESPONSIBILITIES.—The General Counsel shall serve as the legal advisor of the Board.

(d) STAFF.—The Board shall employ such staff as the Board may determine necessary to administer the Fund.

(e) APPLICABILITY OF CIVIL SERVICE PROVISIONS.—The Executive Director, Chief Financial Officer, General Counsel, and staff of the Board may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service and be compensated without regard to the provisions of chapter 51, and subchapter III of chapter 53 of title 5 relating to classification and General Schedule pay rates, except that no individual may receive pay in excess of the annual rate of basic pay payable for level V of the Executive Schedule, in accordance with section 5316 of title V, United States Code.

(f) ADVISORY BOARD.—

(1) APPOINTMENT.—The Board shall establish an Advisory Board, which shall serve on a part-time basis. Members shall be appointed by the Board and serve at the pleasure of the Board. The Advisory Panel shall be composed of seven members, at least three of whom shall be selected from among local teachers, local school district officials, or other individuals active in systemic reform initiatives at the local and State level.

(2) RESPONSIBILITIES.—The Advisory Board shall work with the Board and Executive Director to identify essential components of successful schools, school districts, and systemic reform initiatives, and on the basis of the identification process establish annual funding priorities for the Board.

SEC. 6. SYSTEMIC REFORM INITIATIVE CONTRACTS.

(a) ESTABLISHMENT.—The Board may enter into contracts with eligible entities to pay for the Federal share of the costs of carrying out systemic reform initiatives.

(b) USE OF FUNDS.—Eligible entities may use funds awarded under subsection (a) for the planning, implementation, expansion, or replication of systemic reform initiatives, that include among the components of the initiatives—

(1) school-based management and shared decisionmaking reforms;

(2)(A) programs that increase parent and community involvement in the schools; and

(B) other activities designed to enhance parental encouragement of student learning;

(3) coordinated efforts and partnerships with business, institutions of higher education, and other entities;

(4) programs to train teachers, principals, school board members, parents, and other individuals involved in a redesigning program;

(5) efforts to improve, reform, and strengthen curricula, especially efforts to—

(A) enhance critical thinking skills; and

(B) coordinate services across grade levels;

(6) programs of cooperative learning;

(7) models of alternative student assignment to schools and within schools;

(8) efforts to acquire and improve access to education technology, including distance learning technologies;

(9) programs of interactive learning through technology;

(10) programs to establish satellite learning centers;

(11) efforts to recruit and retain qualified teachers, including—

(A) programs designed to enhance the professional status and satisfaction of teachers;

(B) alternative routes to certification for qualified individuals from business, the military, and other fields;

(C) efforts to recruit and retain teachers in critical shortage areas, including early childhood teachers, mathematics and science teachers, and special education and bilingual teachers;

(D) incentives for teachers to work in inner-city schools; and

(E) in-service training programs;

(12) programs that decrease dropout rates;

(13) programs that assist at-risk children;

(14) efforts to ensure the readiness of all children for school, including—

(A) full workday, full calendar-year comprehensive early childhood development programs;

(B) parenting classes and parent involvement activities; and

(C) collaborative efforts with health and social service agencies to provide comprehensive services and to facilitate the transition from home to school;

(15) innovative summer programs to assist at-risk students;

(16) developmental education programs;

(17) efforts to improve problem-solving and higher-order thinking skills of students;

(18) tutoring, mentoring, and other activities to improve academic achievement of students directly;

(19) programs to serve homeless children, children affected by a desegregation plan, immigrants, migrants, or other highly mobile populations, even if such children do not attend a school assisted under this section; and

(20) programs that focus on school to work transition and prepare students for entry into the job force.

(c) BASIS FOR CONTRACTS.—

(1) COMPETITIVE BASIS.—The Board shall enter into contracts under subsection (a) on a competitive basis.

(2) CONSIDERATIONS.—In entering into contracts to fund systemic reform initiatives under subsection (a), the Board shall consider—

(A) the need for the proposed initiatives;

(B) the plan of operation and plan for evaluation of the initiatives;

(C) the educational value, budget, cost effectiveness, proposed impact, and expected outcomes of the initiatives; and

(D) the potential transferability of the initiatives to other settings.

(3) PRIORITY.—In entering into contracts under subsection (a), the Board shall enter into contracts that focus on systemic reform initiatives to redesign schools and shall give priority to proposals that—

(A) address critical issues facing education, including access, accountability, governance, curriculum, instruction, technology, assessment, finance, and resource development, including the preparation, certification and renewal of staff;

(B) benefit students or schools with below average academic performances;

(C) benefit schools or local education agencies serving a large number of disadvantaged students;

(D) help ensure a broad geographic distribution of initiatives that receive funding, including initiatives in rural, urban, and suburban settings;

(E) have demonstrated a broad-based community support for the proposed reforms and have the potential to become models of education redesigning; and

(F) are consistent with the priorities of the Fund, as established by the Board.

(4) DURATION.—The Board may enter into contracts under subsection (a) for periods of from 3 to 10 years.

(d) APPLICATION.—To be eligible to obtain funding under this section, an entity shall submit an application to the Board at such time, in such manner, and including such information as the Board may require. At a minimum, each application shall contain—

(1) a proposal containing a description of the systemic reform initiative to be funded under this section;

(2) a detailed description of the identified problems that are to be addressed by the proposal;

(3) a plan of operation, including a description of the measures the entity proposes to undertake in order to address the problems;

(4) a plan for evaluation of the initiative, including a description of the statistical indicators and other criteria to be used to evaluate the progress in addressing the problems, with an emphasis on authentic assessment of student achievement;

(5) a detailed budget for each year of proposed funding;

(6) information demonstrating that the applicant has established a partnership with teachers and parents, and has consulted with teachers and parents in developing the proposal;

(7) a description of the measures the local governing entity, school agency, or private sector will undertake to successfully complete the initiative and fulfill a local commitment to the proposal;

(8) information demonstrating coordination with local health and social service agencies, if applicable;

(9) information demonstrating the degree of community support for the proposal;

(10) information demonstrating private sector involvement in the initiative;

(11) a description of the ways in which the plan will improve opportunities for student success and will result in enhanced student achievement;

(12) an assurance that the eligible entity has a long-term, indepth commitment to the proposal;

(13) an assurance that the applicant is willing to streamline its administrative structure in order to cultivate an experimental setting for the educational reform; and

(14) an assurance, which may consist of a commitment to raise funds, that the applicant will obtain the non-Federal share of the costs of carrying out the initiative.

(e) CONTRACTS.—

(1) NEGOTIATION.—The Board shall negotiate any contracts described in subsection (a) on the basis of the information contained in the applications of the entities.

(2) CONTENTS.—Any contract entered into under subsection (a) shall specify—

(A) a description of the measures the entity proposes to undertake to carry out a systemic reform initiative;

(B) a description of the measures to be used to evaluate the progress made by the initiative;

(C) the objective criteria to be met each year of the funding term;

(D) the consequences should those criteria not be attained;

(E) a bonus system should the progress achieved by the entity exceed the criteria; and

(F) a detailed budget for each year of proposed funding.

(3) RENEGOTIATION.—The Board may renegotiate contracts entered into under subsection (a).

(f) ELIGIBLE ENTITY.—Entities eligible to enter into a contract under this section shall include—

(1) a local educational agency, as defined in section 1201(g) of the Higher Education Act of 1965 (20 U.S.C. 1141(g));

(2) a consortium of such local educational agencies;

(3)(A) such a local educational agency, on behalf of a particular school within such local educational agency; or

(B) a consortium of such local educational agencies, on behalf of a consortia of particular schools in such local educational agencies; or

(4)(A) a nonprofit partnership between such a local educational agency and a local college or university;

(B) an area-wide collaborative partnership involving a private sector business that enters into an agreement with such a local educational agency; or

(C) a consortium of local or county health and social service agencies in conjunction with a local educational agency or other entity described in paragraph (1), (2), or (3) or subparagraph (A) or (B).

(g) INFORMATION.—The Board shall widely disseminate information about funding of systemic reform initiatives.

(h) FEDERAL SHARE.—

(1) IN GENERAL.—The Federal share of the costs of carrying out systemic reform initiatives under this section shall be up to 75 percent.

(2) INCREASES.—The Board may increase the Federal share on a specific contract if the Board determines that the eligible entity involved in the contract is especially deserving of assistance and is unable to pay for the non-Federal share of the costs of carrying out the initiative funded under the contract.

(i) NON-FEDERAL SHARE.—The non-Federal share of the costs of carrying out systemic reform initiatives under this section shall consist of a cash contribution.

(j) ADMINISTRATIVE COSTS.—An eligible entity may use for administrative costs not more than 5 percent of funds awarded under subsection (a) for a fiscal year.

(k) APPLICATION TO OTHER FUNDING DECISIONS.—

(1) FEDERAL FUNDING DECISIONS.—In making Federal funding decisions for other programs, the head of a Federal agency shall not take into consideration funding under this section, except to the extent that an entity seeks additional funding for a systemic reform initiative that receives funding under this section.

(2) STATE FUNDING DECISIONS.—In order for an entity in a State to be eligible to receive funds under this section, the State shall not make funding decisions that take into consideration funding under this section, except to the extent that an entity seeks additional funding for an systemic reform initiative that receives funding under this section.

SEC. 7. STATE SYSTEMIC REFORM INITIATIVE CONTRACTS.

(a) USE OF FUNDS.—The Board may enter into contracts with five States in order to pay for the Federal share of—

(1) developing and implementing systemic reform initiatives that focus on systemic efforts to redesign schools so that the schools meet the needs of all children; and

(2) establishing changes and alignment of sets of policies that address critical issues facing education, including access, accountability, governance, curriculum, instruction, technology, assessment, finance, and resource development.

(b) BASIS FOR CONTRACTS.—

(1) COMPETITIVE BASIS.—The Board shall enter into the contracts under subsection (a) on a competitive basis.

(2) CONSIDERATIONS.—In entering into the contracts under subsection (a), the Board shall consider the factors described in section 6(c)(2).

(3) PRIORITY.—In entering into contracts under subsection (a), the Board shall enter into contracts that focus on systemic reform initiatives to redesign schools and shall give priority to proposals described in section 6(c)(3).

(4) DURATION.—The Board may enter into contracts under subsection (a) for periods of from 3 to 10 years.

(5) AMOUNT.—The Board is authorized to enter into contracts for up to $50,000,000 for each of the five States.

(c) APPLICATION.—To be eligible to obtain funding under this section, the Governor of a State, in consultation with the top edu-

cation and social service officials, shall submit an application to the Board at such time, in such manner, and including such information as the Board may require. At a minimum, each State application shall contain—

(1) a proposal containing a description of the systemic reform initiative to be funded under this section;

(2) a detailed description of the identified problems that are to be addressed by the proposal;

(3) a description of measurable objectives to be achieved by the initiative in education, health, social services, and employment;

(4) a plan for evaluation of the initiative, including a description of the statistical indicators and other criteria to be used to evaluate the progress in addressing the problems, with an emphasis on authentic assessment of student achievement;

(5) a detailed budget for each year of proposed funding;

(6) information demonstrating that the State will equalize the educational funding of the State and that the Federal funding provided by the Fund will be equalized;

(7) a description of the measures that the State government will undertake to ensure that there will be a broad level of community support for, and involvement with, the initiative by individuals involved in education, including parents, teachers, administrators, and business and community leaders.

(8) a description of the way in which the initiative will improve opportunities for student success and will result in enhanced student achievement;

(9) a description of specific steps that the State will undertake to streamline the administrative structure of the State in order to cultivate an experimental setting for the educational reform;

(10) a description of the way in which education, health, social services and employment delivery systems would be structurally connected to the initiative; and

(11) a description of measures to ensure accountability, which measures shall include a system of rewards and penalties for outcomes.

(d) CONTRACTS.—

(1) NEGOTIATION.—The Board shall negotiate and enter into contracts described in subsection (a) on the basis of the information contained in the applications of the States.

(2) CONTENTS.—A contract entered into under subsection (a) shall specify—

(A) the methods by which the State plans to carry out the initiative;

(B) the objective criteria to be met each year of the funding term for the initiative;

(C) the consequences if the criteria are not attained; and

(D) a bonus system if the progress achieved by the State exceeds the criteria.

(3) RENEGOTIATION.—The Board may renegotiate contracts entered into under subsection (a).

(e) FEDERAL SHARE.—The Federal share of the costs of carrying out systemic reform initiatives under this section shall be 50 percent.

SEC. 8. NONDISCRIMINATION.

(a) IN GENERAL.—Any funding provided under a contract entered into under this Act 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.), and the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.).

(b) NONDISCRIMINATION.—Any individual with responsibility for the administration of a systemic reform initiative that receives funding under this Act shall not discriminate in the selection of participants to the initiative on the basis of race, religion, color, national origin, sex, age, disability, or political affiliation.

SEC. 9. TECHNICAL ASSISTANCE REFERRAL NETWORK.

(a) NETWORK.—The Board shall cooperate with regional educational laboratories or other appropriate entities to establish a technical assistance referral network to assist entities in planning, developing, and implementing proposals for systemic reform initiatives funded under this Act.

(b) MEMBERSHIP.—The Board shall ensure that the technical assistance referral network described in subsection (a) includes members of the business and education communities.

SEC. 10. REVIEW AND MONITORING PROCEDURES.

(a) REVIEW AND MONITORING.—The Board shall establish procedures for reviewing and monitoring contracts entered into under this Act. The procedures may not include any review by persons other than the Board.

(b) CONTACT.—The staff of the Board shall have quarterly contact with each entity that enters into a contract with the Board under the Act.

(c) ENFORCEMENT.—The Board shall promulgate regulations permitting the suspension of assistance to any entity that—

(1) fails to comply with the procedures for reviewing and monitoring contracts under subsection (a); or

(2) fails to comply with the conditions of the contract established—

(A) in section 6(e), in the case of a contract entered into under section 6; or

(B) in section 7(d), in the case of a contract entered into under section 7.

SEC. 11. EVALUATION AND DISSEMINATION.

(a) EVALUATION.—The Board shall establish procedures for ongoing evaluation of systemic reform initiatives funded under this Act. The Board may enter into contracts with outside entities, including the Regional Education Laboratories, to conduct the evaluation. Not more than 2 percent of the funds made available under section 9511(c)(1)(B) of the Internal Revenue Code of 1986 shall be available to carry out the evaluation.

(b) DISSEMINATION.—The Board shall establish and carry out procedures to ensure that ideas that are developed, tested, and proved by the initiatives as tools to improve the educational system of the Nation are widely disseminated and made available to entities interested in strengthening the educational system.

SEC. 12. ANNUAL REPORT.

Each entity that enters into a contract under section 6 or 7 shall annually prepare and submit a report on the systemic reform initiatives carried out under the contract to the President of the Board in such manner and containing such information as the President by regulation requires. At a minimum, the report shall contain—

(1) a description of the measures undertaken by the entity during the year;

(2) a description of the extent to which the initiatives attained—

(A) in the case of initiatives carried out under contracts described in section 6, the objective criteria described in section 6(e)(2)(C); and

(B) in the case of initiatives carried out under contracts described in section 7, the objective criteria described in section 7(d)(2)(B);

(3) a description of the measures the entity is proposing to undertake in order to qualify for additional funding, if the entity has not met the requirements of the contract; and

(4) if applicable, a description of the manner in which the entity incorporated recommended changes suggested by the Board during the previous review.

SEC. 13. REPORT TO CONGRESS.

The Board shall annually prepare and submit to the appropriate committees of Congress a report that contains a description of the systemic reform initiatives funded under this Act. At a minimum, the report shall contain—

(1) information on the number of applications to conduct initiatives that are received and reviewed, and the disposition of applications;

(2) information on the financial standing of the Fund, indicating initiatives financed and an overall view of projected commitments made during the year in which the report is submitted and in previous years;

(3) information on the proposed annual administrative budget of the Board for the following year;

(4) an evaluation of the progress and direction of the Fund; and

(5) recommendations for legislative reform regarding the operation of the Fund.

SEC. 14. REGULATIONS AND POLICIES.

(a) REGULATIONS.—The Board shall establish such regulations as may be necessary to carry out this Act.

(b) POLICIES.—The Board shall establish policies to carry out this Act, including the establishment of priorities to be used in the selection of entities to develop and evaluate systemic reform initiatives. The Board shall annually make available to the public the funding priorities of the Board.

SEC. 15. EDUCATION CAPITAL FUND.

(a) ESTABLISHMENT.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 (relating to trust fund code) is amended by adding at the end the following new section:

"SEC. 9511. EDUCATION CAPITAL FUND.

"(a) CREATION OF FUND.—There is established in the Treasury of the United States a fund to be known as the Education Capital Fund (referred to in this section as the 'Fund'), consisting of such amounts as may be appropriated or credited to the Fund as provided in this section.

"(b) TRANSFERS TO FUND.—There are appropriated to the Fund amounts equivalent to the additional revenues received in the Treasury as the result of the amendments made by section 16 of the Education Capital Fund Act of 1992.

"(c) EXPENDITURES.—

"(1) PURPOSES.—Amounts in the Fund shall be available, to the extent provided in appropriation Acts, for the purposes of—

"(A) making expenditures under section 6 or 7 of the Education Capital Fund Act of 1992; and

"(B) paying for the administrative expenses of the Education Capital Fund Board (referred to in this section as the 'Board'), established in section 4 of the Education Capital Fund Act of 1992.

"(2) PAYMENTS BASED ON ESTIMATES.—Payments under paragraph (1) shall be made on the basis of estimates by the President of the Board. Proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"(3) LIMIT ON ADMINISTRATIVE EXPENSES.—Not more than 5 percent of the funds made available under paragraph (1) shall be available for the purposes described in subparagraph (B) of the paragraph.".

(b) CONFORMING AMENDMENT.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 is amended in the table of sections by adding at the end the following new item:

"Sec. 9511. Education Capital Fund Board.".

SEC. 16. INCREASE IN CORPORATE TAX RATE.

(a) IN GENERAL.—Subsection (b) of section 11 of the Internal Revenue Code of 1986 (relating to tax imposed on corporations) is amended by striking "34 percent" each place it appears and inserting "34.15 percent".

(b) CONFORMING AMENDMENTS.—

(1) Section 852(b)(3)(D)(iii) of such Code is amended by striking "66 percent" and inserting "65.85 percent".

(2) Section 1201(a) of such Code is amended by striking "34 percent" each place it appears and inserting "34.15 percent".

(3) Paragraphs (1) and (2) of section 1445(e) of such Code are each amended by striking "34 percent" and inserting "34.15 percent".

(4) Section 7518(g)(6)(A) of such Code and section 607(h)(6)(A) of the Merchant Marine Act, 1936 are each amended by striking "34 percent" and inserting "34.15 percent".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1992.

(2) NO TAX INCREASE IF UNOBLIGATED BALANCE IN FUND EXCEEDS $1,000,000,000.—If on December 31 of any year (referred to in this paragraph as the "determination date")—

(A) the unobligated balance in the Education Capital Fund exceeds $1,000,000,000, and

(B) the Secretary of the Treasury, after consultation with the Secretary of Education, determines that the unobligated balance in the Education Capital Fund will exceed $1,000,000,000 on December 31 of the year following the determination date if the increase in the corporate tax rate under the amendments made by this section is not effective, then the amendments made by this section shall not apply to taxable years beginning after the determination date.

SUMMARY OF EDUCATION CAPITAL FUND ACT OF 1992

Establish an Education Capital Fund with an accompanying independent five member board composed of business and education leaders. Education Capital Fund Board oversees the distribution on federal money under this Act and establishes funding policy and regulations.

The Board will act as a venture capital partnership. It will make 3-10 year grants available to local entities. The federal share will be up to 75 percent of the project's cost. The specific percent of federal assistance will be decided by the board. The local share should be raised from either public or private sources. The local share can be a commitment to raise a certain amount annually.

Local entities interested in applying for funding will be required to demonstrate broad teacher, parent, student and community, especially private sector support, for their proposed reform. The applicant will be required to describe fully measures to be undertaken, indicate how the plan will improve opportunities for student success, describe what measures should be used to determine whether progress is being made at the classroom level in order to qualify for continued funding, and provide a detailed budget.

Funding will be available for a full range of activities on the basis of the negotiated contract between the Board and the local entity.

The Board will undertake careful evaluations of funded programs in order to guarantee the program's effectiveness and financial viability. The Board will work to make the results of their assessments available to the educational and business community.

The Federal Education Capital Fund would be a dedicated trust fund holding approximately $1 billion. The money will be raised by a corporate surcharge tax of approximately .15 percent over a three year period. Once the money has been raised the board will use the interest generated from the fund to support local projects.

The legislation also provides for funding up to five state systemic initiatives.•

By Mr. BOREN (for himself, Mr. NICKLES, and Mr. WALLOP):

S. 2259. A bill to amend the Internal Revenue Code of 1986 to provide incentives for energy development, and for other purposes; to the Committee on Finance.

ENERGY DEVELOPMENT TAX INCENTIVE ACT

• Mr. BOREN. Mr. President, too many people here in Washington and throughout the country fail to understand how critical it is to our national security to have a healthy oil and gas industry. This lack of awareness is illustrated by the fact that we still import almost half of our Nation's crude oil even after the gulf war, an event that so dramatically highlighted the importance of energy independence.

One of the primary reasons that we have fallen into this trap of overreliance on foreign energy is that our tax policies have penalized, rather than encouraged, domestic independent producers over the last decade. Independent producers are critical to our Nation's oil and gas supplies; they drill 85 percent of the wells and produce 80 percent of the gas and 40 percent of the oil in the country. Today this industry is in a crisis. Since the so-called Tax Reform Act of 1986 was passed, crude oil production in the United States has declined more than 1.7 million barrels per day. 317,000 jobs have been lost in the last decade. And the rig count stands at 653, down from 4,530 10 years ago. This count is the lowest in recorded history.

We simply cannot afford to continue such misguided tax policies that do so much harm to both our economy and our national security. Today, Senator NICKLES and I present a comprehensive program to help the independent oil and gas industry begin to recover from the effects of a punitive tax system and a sluggish economy. The Energy Development Tax Incentive Act of 1992 is a multifaceted program, designed to solve economic and security concerns.

The Energy Development Tax Incentive Act [EDTIA] first provides independent oil and gas producers relief from onerous provisions of the alternative minimum tax system. Many experts point to the AMT as a primary cause of the industry's decline because it treats unfavorably one of the principal business expenditures of the industry—intangible drilling costs—and because it penalizes the capital recovery system unique to the minerals extraction industry—percentage depletion.

Both these items are ordinary and necessary business expenses that are instrumental to the development of oil and gas resources. From an economic standpoint, IDC's are most comparable to research and development costs. Like research and development expenses, IDC's are incurred before a capital asset is known to exist. These costs include survey costs, amounts paid to negotiate and finalize drilling contracts, costs to prepare the drill site, costs of transporting and setting up the rigs, and costs of cementing casing in place. These crucial and unavoidable costs—which may never be recovered—can amount to as much as 80 percent of the total costs incurred in developing a well.

Percentage depletion recognizes that oil and gas producers must discover their capital assets by investing funds that are totally at risk in the hope of finding an asset that may or may not exist. Percentage depletion recognizes that the economic profit from successful wells must compensate for economic losses from dry holes and marginal wells that do not recover their investment. It also acknowledges that oil and gas properties are wasting assets with no residual value; as oil or gas is produced, the value of the asset decreases with each passing day.

Thus, both types of expenses are legitimate and necessary, given the unique nature of the oil and gas industry. Moreover, they both correspond to ordinary business expenses that are deductible for every other business, whether it pays regular corporate tax or the AMT. Our proposal would completely eliminate IDC's and percentage depletion as tax preference items for independent producers paying the AMT. To eliminate the risk that our proposal could result in a taxpayer zeroing out its tax liability—thereby undermining the goal of the AMT to ensure that all taxpayers pay their fair share—this legislation provides that a taxpayer cannot offset more than 90 percent of AMT liability through claiming these deductions.

The AMT portion of the act also repeals as a preference investment in environmental improvement assets. These capital assets are used for the reduction of pollutants into the environment, the minimization of solid waste, waste conversion or recycling, the reduction of environmental hazards, compliance with environmental requirements, prevention or control of unplanned releases of pollutants, and

the manufacture, distribution, and sale of alternate fuels. The oil and gas industry is concerned about the effect of drilling and production on the environment, and it invests significantly in environmental improvement assets. This legislation ensures that such capital investment, when combined with the economic position of the industry, will not propel independent producers into the alternative minimum tax.

Second, the EDTIA allows independents to take an exploration and development tax credit for new domestic wells discovered and drilled. This credit is equal to the sum of 20 percent of qualified investment expenses up to $1,000,000 and 10 percent of such expenses over $1,000,000. This credit can be applied against either regular corporate liability or the alternative minimum tax liability. Such a provision is vital to ensure that all independents, many of whom are paying AMT during these recessionary times, can take advantage of the exploration incentive.

The third initiative contained in the legislation is designed to increase the profitability of stripper wells. The EDTIA increases the allowance for percentage depletion on these marginal wells from 15 percent to 27.5 percent; it therefore increases the period of time during which the wells profitably can produce oil and gas. The plan also raises from $21 to $28 the price that triggers the ability to take the allowance.

Fourth, we propose an expansion of the section 43 credit for enhanced oil recovery so that the credit can be taken for horizontal drilling and advanced secondary recovery techniques. This credit will be equal to 15 percent of the taxpayer's advanced secondary recovery costs. Advanced secondary recovery is recovery directed at producing unrecovered mobile oil that remains in the reservoir at the conclusion of conventional production due to reservoir heterogeneity and unfavorable mobility differences between oil and water. Both secondary recovery techniques and horizontal drilling must be encouraged to increase the amount of oil and gas produced by such enhanced methods.

The final provisions of the bill are designed to decrease the country's dependence on foreign oil and to encourage the use of alternative fuels that are less harmful to our environment. The first set of these provisions are similar to those contained in the bill I introduced in 1991 with Senator ROCKEFELLER and others, the Alternative Fuels Incentive Act. Alternative fuels, such as compressed natural gas, liquid natural gas, and electricity, are increasingly seen as important tools to help clean up the air and to diversify our supply of vital energy. But to allow alternative fuels to meet these expectations, the Federal Government must encourage their development through tax incentives. This legislation provides such encouragement.

The EDTIA provides a tax deduction for retrofitting or purchasing alternative fuel vehicles. These incentives are available to businesses, State and local governments, and other consumers. Our proposals also provides tax incentives for the installation of fueling equipment for alternative fuels at service stations and other appropriate locations.

Finally, the bill includes an imported oil security fee, a proposal I have made in four consecutive Congresses. I remain amazed that although our domestic production of oil has fallen to levels lower than 1977 levels, and although imports of crude oil and refined products continue to rise, this country has failed to come to grips with the threats inherent in its dependence on foreign oil. In addition, the lack of stability in oil prices through the mid-1980's has resulted in 25 percent less drilling than would have occurred had prices been perceived as stable.

Senator NICKLES and I offer a meaningful solution to this alarming problem. The EDTIA would impose an excise tax on all foreign oil brought into the United States that is priced below $25 a barrel. Currently, the price of crude oil in the international market hovers at approximately $18. The $25 figure in our proposal will act as a floor price for crude oil in the United States. No longer will domestic producers have to worry whether a foreign producer intends to flood the world with cheap oil. This floor mechanism will bring needed stability to our domestic industry. This in turn will promote the vital goal of a secure energy supply. Moreover, by increasing the price of oil, the Government will encourage the production of alternative fuels that are less detrimental to the environment.

Mr. President, the independent oil and natural gas industry is fast approaching the point of no return. Either we act now to reverse the devastation caused by a combination of the misguided tax changes in 1986 and the disastrous economic climate, or we will face the future without vibrant independent oil and gas producers and with increasing dependence on unstable sources of foreign oil.•

• Mr. NICKLES. Mr. President, today Senator BOREN and I are introducing a bill designed to remove some of the current tax impediments to domestic production of oil and gas. This bill, if enacted, will give our domestic producers the needed incentives to continue producing from marginal wells and stimulate additional domestic production. Such action is needed now if the domestic oil and gas industry is to survive.

Currently, our country only has 653 active operating rigs, the lowest level since such records were started in the 1940's. In addition, natural gas spot prices are around 84 cents in Oklahoma. Economically, this is killing producers and in many cases wasting precious natural resources.

Since the Persian Gulf war, we have heard increased rhetoric that the United States needs to become less dependent on foreign oil imports. But the fact of the matter is, too many in Washington refuse to enact effective and needed policies to make the goal of domestic oil independence a reality.

Since coming to the Senate, I have continually fought to get unnecessarily burdensome laws, which were passed primarily during the Carter administration and which regulated and penalized the oil and gas industry, off of the books. Fortunately, we have seen the repeal of the Fuel Use Act and the Windfall Profits Tax enacted as a part of that misguided policy.

However, our battles are far from over. Provisions in the 1986 tax reform package reflected on the mistakes of the Carter years, giving those in the energy industry even more headaches and obstacles to overcome with regard to exploration and production of domestic oil and gas resources.

That is why I have introduced a bill to change one such 1986 provision, the alternative minimum tax [AMT]. The legislation eliminates intangible drilling costs and percentage depletion as preference items in order to promote economic growth and tax fairness. I am pleased that Senator BOREN has joined me in this effort.

Since AMT penalties were imposed in 1986, exploration and development drilling has plummeted. Since that time, the industry has lost an average of 32,000 jobs every year, closed almost 400 drilling companies, and shut down 1,120 drilling rigs.

Current law stunts economic growth in the domestic oil and natural gas sector of the economy because it hurts capital-intensive business by denying full use of their ordinary and usual business expenses; penalizes investment in domestic oil and natural gas exploration and development; acts as a cap on drilling investments; and contributes to the decline in the U.S. crude oil production and the loss of more than 300,000 jobs in the domestic oil and gas industry since 1981.

Furthermore, current law unfairly taxes and burdens the oil and gas industry because only the principal business expenditures of domestic oil and natural gas exploration and development, intangible drilling costs, and the long-standing capital recovery system specific to the minerals extraction industry—percentage depletion—are singled out and penalized under the alternative minimum tax.

By eliminating the AMT penalties imposed on the ordinary and necessary business expenses of oil and natural gas producers, deductions that are already

provided for in the tax code are simply being allowed to be used. Furthermore, AMT relief levels the playing field for oil and gas producers.

Since introducing legislation to provide AMT relief in January 1991, I have continued my fight to alleviate this burden. On February 6, Senator BOREN and I introduced another bill which would eliminate IDC's and percentage depletion as preference items under the AMT. Also, on February 7, the Senate passed an amendment I authored directing the Senate Committee on Finance to consider AMT relief. And today, Senator BOREN and I are introducing further legislation to provide AMT relief as well as several other provisions to aid our ailing oil and gas industry.

The bill we are introducing today provides several additional incentives to encourage development and production of domestic resources. Specifically, this legislation calls for an oil and gas exploration and development credit. It provides for a 20-percent credit for the first $1,000,000 of annual exploration and development costs, and a 10 percent credit for annual exploration and development costs in excess of $1,000,000 which can be applied against both the regular and AMT liability.

This bill also would increase the percentage depletion for stripper wells. It provides that the maximum available percentage depletion rate on marginal oil and gas wells—15 barrels day or less—will be 27.5 percent. The depletion rate on these marginal wells will be scaled down to the current 15 percent rate as oil prices fall from $28 to $15 a barrel. It also provides that the current 100 percent net income limitation on the percentage depletion deduction be repealed for oil and gas properties.

In addition to the items mentioned above, this bill provides that the current 15 percent enhanced oil recovery tax credit be expanded to apply to the advanced secondary recovery costs of independent producers. It includes reservoir characterization and horizontal drilling in the definition of advanced secondary recovery.

The bill also contains two provisions designed to help promote the use of environmentally clean fuels, particularly natural gas, and to encourage environmental improvements. One provision provides that the depreciation adjustments under AMT will not apply to environmental improvement assets. The second provision provides deductions relating to vehicles which use clean-burning fuels. This provision gives a deduction ranging from $2,000 for cars to $50,000 for trucks and buses which use clean-burning fuels and a maximum annual deduction of $75,000 for the cost of clean-burning motor vehicle refueling property. Clean-burning fuels include natural gas, liquefied natural gas, propane and electricity. The deduction is available for both regular tax and AMT purposes.

Finally, the bill proposes a floor price on imported crude oil or refined petroleum products. It provides for a variable import fee on crude oil equal to the excess of $25 over the per barrel price of crude oil and a similar variable import fee on refined petroleum products equal to the excess of $28 over the per barrel price of crude oil.

These tax changes are vitally important to the health and survival of our domestic producers. It is my hope that Congress will enact these changes as part of our economic recovery package by March 20.•

• Mr. WALLOP. Mr. President, Today, I join with my colleagues from Oklahoma, Senators BOREN and NICKLES, in introducing legislation to reform the Federal Tax Code to encourage domestic energy production. Just last week, the Senate approved the National Energy Security Act of 1992, the first comprehensive energy policy to be passed by the Senate since I have served in this body. That legislation was developed by the Senate Energy Committee, on which I am the ranking Republican.

One criticism of our bill is that it does little to promote domestic production of oil and gas. whenever I have asked critics what more we could do, they have responded that we should change the Tax Code. As much as I would like to oblige their request, the Energy Committee does not have any jurisdiction over tax issues. Furthermore, under the Constitution, revenue measures must originate in the House of Representatives. Thus, it is impossible for us to reach into tax issues as part of the National Energy Security Act. I did join with Senator JOHNSTON, the chairman of the Energy Committee, in a letter to the chairman and ranking Republican on the Finance Committee outlining recommended changes in tax policy to promote our energy security. I would ask that a copy of this letter be included at the conclusion of my remarks.

The obvious solution to this procedural obstacle, to this missing piece of our energy puzzle, is to introduce a tax reform bill. The legislation we are sponsoring today is one of the missing pieces. We have crafted a bill with eight sections that modify tax policy to remove provisions which retard production and to establish new incentives for domestic energy development.

There are two obstacles to expanding domestic production. One is the price of oil. The price level is at one of the lowest real levels in 40 years. This is, in part, a response to market forces, but also to the oligopsony world of oil created by OPEC. Our solution is an oil import fee which reduces the influence of the market manipulators. However, I realize that many regions of the country are overly dependent on foreign oil, and a fee will not pass this year.

The second obstacle is one of the most absurd tax provisions to ever be enacted by Congress, the Alternative Minimum Tax. As anyone who attempts the incredibly risky business of oil exploration can affirm, the 1986 tax bill, which created the AMT, has been a disaster for our domestic energy producing industry. By including the percentage depletion and the intangible drilling costs as income items in the AMT, we create a confiscatory tax burden for the oil independents. In my own State of Wyoming, nearly 400 independents have closed shop in the last few years. Their demise is in part due to the alternative minimum tax. I think this whole provision should be repealed. But, I will settle for changing the treatment of depletion and drilling costs. That provision is included in our proposal.

I said our tax bill is one of the two missing pieces in the energy puzzle. To complete the picture, we must also allow exploration in ANWR. We do not address that issue in this bill—that debate will occur on another day. I do agree with my cosponsors that the bill we are introducing today is a major step in promoting domestic energy production, in ensuring our energy security. I would expect that many provisions in our bill will be included in the economic growth package to be soon debated in the Senate. I would urge my colleagues to support these reforms.

Mr. President, I ask unanimous consent that supporting materials be printed in the RECORD.

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

COMMITTEE ON
ENERGY AND NATURAL RESOURCES,
Washington, DC., July 22 1991.

Hon. LLOYD BENTSEN,
Chairman,
Hon. BOB PACKWOOD,
Ranking Member, Committee on Finance, U.S. Senate, Washington, DC.

DEAR SENATORS BENTSEN AND PACKWOOD: On June 5, the Senate Committee on Energy and Natural Resources reported S. 1220, the National Energy Security Act of 1991. This is comprehensive legislation which we believe can serve as a foundation for a national energy policy for the United States in the 1990's.

S. 1220 addresses many aspects of energy policy. However, in addition to the matters covered by the bill, energy tax measures play a fundamental role in directing national energy policy.

During the course of the Committee's consideration of S. 1220, we became aware of several energy tax initiatives that would complement its provisions. The attached document sets forth our recommendations with respect to these initiatives and indicates how they complement S. 1220.

We recognize that given the jurisdiction and expertise of the Committee on Finance, you are in the best position to evaluate the benefits and costs of their initiatives. We also recognize that you must operate within the constraints of the budget agreement. We

hope that our views will be of assistance to your Committee in dealing with these important issues.

Sincerely,

J. BENNETT JOHNSTON,
Chairman.
MALCOLM WALLOP,
Ranking Member.

ENERGY TAX INITIATIVES

OIL IMPORT FEE

S. 1220, the National Energy Security Act of 1991, is intended to reduce United States dependence on imported oil and to provide for the energy security of the country. During 1990, the United States imported nearly 8 million barrels of oil per day. This amounted to almost 47 percent of domestic delivered. Prior to Iraq's invasion of Kuwait, 50 percent of these imports came from OPEC nations, with 25 percent coming from the Persian Gulf. At the same time, our domestic production declined in 1990 to its lowest level in almost 30 years.

An objective of S. 1220 is to reduce oil imports. This can be achieved by maintenance of a reasonable floor price for oil which would provide an important incentive to stimulate the exploration and development of our domestic resource. For this reason, we recommend enactment of the following:

Variable Oil Import Fees (S. 215)

An oil import fee is collected when the international price for crude oil falls below $20/barrel and the international price of refined petroleum product, petrochemical feedstock, or petrochemical derivative falls below $22.50 per barrel equivalent. The amount of the oil import fee would be the difference between $20 and the international price of crude oil or the difference between $22.50 and the international price of refined petroleum product, petrochemical feedstock, or petrochemical derivative.

ENERGY EFFICIENCY AND RENEWABLE ENERGY

S. 1220 contains extensive provisions to reduce the rate of growth in energy consumption through the use of energy efficiency. Included among these are measures to improve energy efficiency in the industrial, commercial, and residential sectors, to improve federal energy management, and to increase energy efficiency in the utility sector.

S. 1220 also includes several important measures to encourage the development and deployment of renewable energy resources in the United States and on an international scale in lesser-developed countries. These provisions include joint ventures for the demonstration of renewable energy technologies such as biofuels, geothermal, wind, fuel cells and utility-scale photovoltaics, as well as expansion of the interagency working group that promotes the export of renewable energy and energy efficiency products and technologies. In addition, S. 1220 contains a provision granting authority to the Department of Energy to "buy-down" or subsidize interest rates on private bank loans in order to leverage long-term financing for the solar, biomass, and wind industries.

The objective of these provisions is to recognize the critical role that changes in patterns of energy use can serve in a national energy policy. The following tax initiatives would complement the energy efficiency and renewable energy provisions of S. 1120:

Exclusion for Public Utility Subsidies for Energy Conservation Measures

Exclude from gross income of utility customers the value of any rebates, financial assistance, or service provided by a utility for the purchase, installation, or maintenance of an energy conservation measure. Utilities are in the best position to identify cost effective energy conservation measures and to provide the appropriate benefit to encourage their customers to purchase and install those measures. The unique position of utilities to promote energy efficiency should be accorded strong Federal support through tax incentives.

Extension of the Business Energy Tax Credit

Extend the business energy tax credit for five years, and provide that investments in qualified solar energy and geothermal property would be permitted to offset both the regular tax and the alternative minimum tax of a corporation. Under current law, a general business credit equal to 10 percent of the qualified cost for certain investments in solar energy or geothermal property is available. Failure to extend this tax credit may result in the displacement of United States solar technologies by foreign competitors who have taken advantage of tax and other market incentives in their own countries to make inroads in United States markets.

Tax Credit for Production of Electricity From Renewable Resources

Tax credits for production of electricity from qualified renewable energy technologies should be continued in order to encourage investment in renewable energy production. This is not to suggest that tax incentives should be so large that they distort the market for energy. Rather such tax incentives compensate investors for their investment risk in renewable energy production. Production tax credits are an effective means for encouraging the development and utilization of renewable energy as well as reducing the use of fossil fuels to generate electric power.

TRANSPORTATION

The transportation sector uses 63 percent of the petroleum consumed in the United States. S. 1220 contains many provisions pertaining to reducing the use of oil in the transportation sector through greater energy efficiency and the use of alternative fuels. Among these are provisions pertaining to Corporate Average Fuel Economy, an extensive alternative fuel fleets program, an electric and electric hybrid vehicle demonstration program, an alternative fuels program, and provisions relating to mass transit and training. We recommend consideration of the following tax measures to complement the provisions in S. 1220:

Exclusions and Deductions Relating to Employer-Provided Transportation and Employee Parking

Provide an exclusion for the value of employer-provided transportation between an employee's home and work that is provided in a commuter highway vehicle. Provide an exclusion for an employer-provided transit pass for mass transit facilities.

Prohibit an employer for deducting employer-provided parking costs unless the employer provides parking subsidies pursuant to arrangement under which employee may elect, in lieu of parking, to receive a cash payment or equivalent transportation subsidy.

Limit the existing exclusion from an employee's taxable income for the value of employer-provided parking where space is rented from a third party.

Taxes and Rebates To Encourage Fuel-Efficient Automobiles

Provide for higher taxes for "gas guzzlers". Provide for a tax or rebate on every motor vehicle sold depending on whether its fuel economy is below or above the average for its vehicle class. However, any such proposal should avoid disproportionate impacts on domestic auto makers, and should minimize the opportunities for "gaming" (e.g., by attempting to change the class to which a vehicle is assigned). In addition, adequate lead time should be given so that auto makers have some opportunity to avoid the penalties.

Tax Deductions and Federal Payments for Clean-Burning Motor Vehicle Property

Provide higher tax deductions for alternative fuel vehicles and related refueling facilities. Provide payments from the Federal government to states and localities to share the cost of alternative fuel vehicles and related refueling facilities. Such tax revisions and payments could be viewed as a form of cost-sharing. It may be desirable for society as a whole to bear part of the cost that private companies, states, and localities would incur as a result of Federal mandates requiring alternative fuel use.

Alternative Fuel Vehicle Demonstration Projects

Permit the Federal Highway Trust Fund monies now available for mass transit to be used by municipal governments to purchase alternative fuel vehicles and to subsidize alternative fuel demonstration projects by commercial as well as local government fleet operators.

OIL & GAS PRODUCTION INCENTIVES

Certain provisions of S. 1220 are directed toward enhancing the supply of domestically-produced energy and, in particular, oil and gas. Among these are provisions to allow oil and gas exploration, production, and development in the Arctic National Wildlife Refuge, to encourage enhanced oil and gas recovery from known and producing domestic reserves, and to facilitate the delivery of domestic natural gas supplies in the marketplace.

Several oil and gas production incentives could be provided for in the Internal Revenue Code which would further the objective of increasing domestic oil and gas supply. We encourage the Finance Committee to consider the full range of these production incentives. Among the most important of these are:

Removal of Intangible Drilling Costs (IDC's) and Percentage Depletion From the Alternative Minimum Tax and Corporate Preference Reductions

Allow a deduction for IDC's and percentage depletion for purposes of calculating the alternative minimum tax.

Crude Oil Production Credit for Maintaining Economically Marginal Wells

Allow a tax credit for maintaining or increasing production from marginal wells.

Nonconventional Source Fuels Credit Allowed To Offset Alternative Minimum Tax Liability and Extended

Allow the section 29 credit for nonconventional fuels to offset the alternative minimum tax and extend the section 29 credit.

Repeal of Revenue Ruling 77-176

Repeal IRS ruling which holds that under certain circumstances an assignment of a working interest in leasehold acreage in exchange for an obligation to drill for oil and gas results in taxable income to the driller. The ruling currently discourages the use of joint arrangements to explore for oil and gas.

Additional Items

The Committee may also want to consider additional items, including: allowing early

accrual of expenses related to removal of offshore oil and gas production facilities, restoration of full expensing of IDC's; and current expensing of geological and geophysical costs.

RESEARCH

S. 1220 contains extensive provisions designed to promote research, development, demonstration, and commercialization of energy and energy technologies. We recommend consideration of the following tax initiative to complement these provisions in S. 1220:

Permanent Extension of the Research Credit

Permanently extend the tax credit for research and experimentation expenses which otherwise expires on December 31, 1991, at least with respect to energy and energy technologies.•

By Mr. COCHRAN:

S.J. Res. 260. Joint resolution designating the week of October 18, 1992, through October 24, 1992, as "National School Bus Safety Week"; to the Committee on the Judiciary.

NATIONAL SCHOOLBUS SAFETY WEEK

• Mr. COCHRAN. Mr. President, today I am introducing a joint resolution to designate the week of October 18, 1992, through October 24, 1992, as "National School Bus Safety Week."

The safe transportation of our children to and from their academic institutions is of the utmost importance. Each day, over 22,000,000 students ride schoolbuses to school, sporting events, and on field trips. There is a sense of security that all parents feel when they load their children onto those yellow buses; and with good reason, as schoolbuses have the lowest accident rate of any of the public transportation systems in our Nation.

Mr. President, the school transportation industry deserves to be commended for its outstanding performance. A week of national recognition for schoolbus safety will raise public awareness and encourage parents and children to appreciate the safety rules that foster an effective transportation system. Respect for safety and compliance with the rules are important to ensure the continued success of the school transportation industry.

It is also appropriate to call the Nation's attention to the schoolbus drivers of America. This resolution expresses respect and gratitude to schoolbus drivers for the great responsibility they assume in caring for our children during their routes. They are true professionals and merit our recognition and thanks.

Mr. President, I urge my colleagues to join me in support of this joint resolution.•

By Mr. CRANSTON (for himself, Mr. AKAKA, Mr. GRAHAM, and Mr. INOUYE):

S.J. Res. 261. Joint resolution to designate April 9, 1992, as a "Day of Recognition of Filipino World War II Veterans"; to the Committee on the Judiciary.

DAY OF RECOGNITION OF FILIPINO WORLD WAR II VETERANS

• Mr. CRANSTON. Mr. President, I have today introduced Senate Joint Resolution 261 to commemorate the service of Filipino veterans of World War II who, 50 years ago today, were fighting side-by-side with American soldiers in a valiant effort to defend the Philippines against the invading Japanese Imperial Forces. I am very pleased that committee members DANIEL K. AKAKA and BOB GRAHAM and Senator DANIEL K. INOUYE have joined me in offering this resolution, which would authorize and urge the President to proclaim April 9, 1992, the 50th Anniversary of the Fall of Bataan, as a Day of Recognition of Filipino World War II Veterans.

Mr. President, just over two months ago, on December 7, our Nation observed the 50th anniversary of the Japanese attack on Pearl Harbor. That unprovoked, massive surprise attack on the American fleet, which is properly remembered as one of the most significant events in our history, profoundly shocked the American people and caused the United States to enter World War II. The ceremonies at Pearl Harbor last December, attended by the President, the Secretary of Defense, and several of our Senate colleagues, refreshed our national recollection of the immensity of those events and provided an opportunity to honor the great sacrifices, bravery, and gallantry of the millions of American service members who, along with our allies during the following 4 years throughout the Pacific, Asia, and Europe, fought and won a great victory for our Nation, and for the principles of freedom and democracy.

The resolution we are offering today would pay tribute to the Filipino veterans of World War II who, along with American soldiers and sailors, fought under the command of General MacArthur in a valiant defense of the Philippines, in active resistance to the Japanese occupation, and in the recapture of the Philippines.

Mr. President, almost immediately after the attack on Pearl Harbor, Japanese forces attacked the Philippines, then an American territory moving towards full independence under the terms of the Philippine Independence Act of 1934. According to information provided by the United States Army Center of Military History, the combined regular United States and Filipino military forces in the Philippines at the time of the Japanese attack totaled over 155,000 troops. The majority, approximately 110,000, of those soldiers were members of the Philippine Commonwealth Army, which, on July 26, 1941, President Roosevelt, by Executive order authorized under the Philippine Independence Act of 1934, had called into the service of the United States Armed Forces. The United States Army presence in the Philippines consisted of approximately 19,000 American soldiers and nearly 12,000 Philippine Scouts, who were part of the regular United States Army. In addition, approximately 3,000 United States Navy shore-based personnel and 1,600 United States marines, who had been deployed from Shanghai in November 1941, were serving in the Philippines. These troops constituted the U.S. Army Forces in the Far East, which had been established in July 1941 under the command of General MacArthur, who had been recalled to active duty to assume that post.

The destruction of the American fleet at Pearl Harbor eliminated the ability of the United States to support the defenders of the Philippines. Yet despite their isolation, and the contrasting ease with which the Japanese were able to direct resources to support their invading forces, the Filipino and American forces waged a ferocious defense for 6 months. When the Philippines finally fell in June, four months after the Japanese commanders had expected to complete the campaign, 20,000 Philippine Army troops had been killed in action and approximately 24,000 Filipinos had been wounded.

Mr. President, the official United States Army history of the fall of the Philippines, prepared in 1953 by Louis Morton of the Office of the Chief of Military History, offers the following perspective on the efforts of the courageous defenders:

> Though the Japanese had won an important victory, the American and Filipino troops had not given their lives and their freedom in vain. For six months they had kept alive resistance in the Philippines, exacting heavy casualties from the enemy and immobilizing his forces. Not until Imperial General Headquarters, which had relegated the Philippines to a secondary place in the Japanese plan of conquest, had committed more men and planes than it had ever intended to the struggle was the campaign brought to an end. During the six months required to accomplish this task, the American and Filipino troops had retained their tenacious hold on Manila Bay and denied its use to the enemy. This was their mission and it had been accomplished.

Shortly before General Wainwright—who in March 1942 had assumed command of the United States forces in the Philippines when General MacArthur departed for Australia—surrendered to the Japanese, President Roosevelt wrote to him and noted the importance of the defender's efforts:

> In every camp and on every naval vessel, soldiers, sailors, and marines are inspired by the gallant struggle of their comrades in the Philippines. The workmen in our shipyards and munitions plants redouble their efforts because of your example. You and your devoted followers have become the living symbol of our war aims and the guarantee of victory.

Mr. President, the sacrifices made by the Filipino and American soldiers in

the Philippines during World War II still serve as a bright symbol of the great cost of freedom. The Filipino veterans of World War II who fought and died along with their American counterparts in defending United States territory that was soon to become their nation are most deserving of our remembrance and recognition for their sacrifices, loyalty, and contribution to the causes of peace, freedom, and human dignity. I am very pleased to offer this resolution and urge all of my colleagues to support its enactment.

Mr. President, I ask unanimous consent that the text of the joint resolution be printed in the RECORD at this point.

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

S.J. RES. 261

Whereas, upon the outbreak of war between the United States and Japan in World War II, 110,000 members of the organized military forces of the Government of the Commonwealth of the Philippines who had been called into the service of the United States Armed Forces by order of President Roosevelt dated July 26, 1941, were committed to battle, along with United States personnel, against the Imperial Japanese forces that invaded the Philippines on December 8, 1941;

Whereas April 9, 1992, and May 6, 1992, mark the 50th anniversaries of the fall of Bataan and Corregidor, respectively, to Imperial Japanese forces;

Whereas the Filipino and United States defenders of the Philippines engaged Japanese forces from the beaches of the Philippine islands to the last defense of Bataan and Corregidor in a grueling battle lasting 150 days;

Whereas that defense compelled Japan to divert thousands of additional troops to the Philippines;

Whereas the enormous sacrifices of the defenders in the battles of Bataan and Corregidor provided the United States and its Allies with valuable time to prepare their armed forces for a counteroffensive campaign against Japan;

Whereas, in that defense, the members of the Filipino forces and their United States counterparts struggled against difficult odds and desperate circumstances and faced, with indomitable spirit, fortitude, and loyalty to America, powerful Imperial Japanese forces;

Whereas members of the Filipino forces acquitted themselves nobly during the Bataan death march, during their internment in death camps, and throughout 3 years of resistance against Japanese occupation of the Philippines; and

Whereas the United States recognizes the sacrifice, loyalty, and valuable contribution of the Filipino World War II veterans to the cause of peace, freedom, and human dignity: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That April 9, 1992, the 50th anniversary of the fall of Bataan, is designated as the "Day of Recognition of Filipino War Veterans", and the President is authorized and urged (1) to issue a proclamation calling upon the people of the United States to observe that day with appropriate ceremonies and activities, and (2) to present a copy of this resolution to Filipino veterans and the Filipino people in Manila on April 9, 1992, during the observance of the 50th anniversary of the fall of Bataan, as an expression of goodwill and a reaffirmation of the continuing regard of the United States and the American people for a lasting Filipino-American friendship.•

• Mr. AKAKA. Mr. President, I am pleased to join Senators CRANSTON, INOUYE, and GRAHAM in introducing legislation to designate April 9, 1992, which marks the semicentenary of the Fall of Bataan, as a "Day of Recognition of Filipino World War II Veterans."

This resolution commemorates the heroic service of the approximately 110,000 members of the organized Filipino military forces, principally members of the Philippine Commonwealth Army, who were called into the service of the United States by President Roosevelt against the military forces of Imperial Japan. The resolution also honors the efforts of the 12,000 Filipinos—the so-called Old Philippine Scouts—who were in the service of the United States Armed Forces prior to the Roosevelt order of July 26, 1941. Together, their activities played an important role in the overall Allied war effort against Japan, by diverting key Japanese military resources to the Philippine theater of operations and giving the Allies valuable months to prepare a concerted counteroffensive against the Japanese war machine.

Mr. President, the United States has recognized the efforts of our Filipino allies in a number of ways. Pursuant to a postwar act of Congress, the 110,000 Filipinos called into service by Roosevelt are eligible for limited veterans benefits, such as pensions, life insurance, burial benefits, and disability compensation, payable at half the rate of U.S. veterans. The established 12,000 Old Philippine Scouts who were in United States service previous to that order are considered official United States veterans, and thus eligible for full veterans benefits. And, recently, the Immigration Act of 1990. Thanks principally to the efforts of my senior colleague from Hawaii, Senator INOUYE, Congress waived the residency requirement for Filipino World War II veterans applying for United States citizenship.

This legislation will continue Congress's tradition of formalizing the sense of gratitude and friendship we feel toward the people of the Philippines for their contributions to the Allied cause during the Second World War. By extension, this resolution also celebrates one of the fruits of our joint victory against Japan nearly 47 years ago, namely the evolution of the Philippines into a sovereign democracy.

Mr. President, I also have a secondary motive in supporting this measure. It is my hope that adoption of this legislation will help set the stage for Congress eventually to extend full veterans benefits to the 110,000 Philippine soldiers who were called into the United States service by President Roosevelt. In everything but name, these individuals are veterans: they fought for the same government, they faced the same dangers, they put their lives on the line for the same cause as other members of the U.S. Armed Forces. Senator INOUYE in this body and Representatives GILMAN and DYMALLY in the House have introduced legislation to grant these brave, overlooked individuals full veterans status. My colleagues should view the resolution we are introducing today as a stepping stone toward implementing these important measures.

Thank you, Mr. President. I urge my colleagues to support this important resolution.•

By Mr. BROWN (for himself and Mr. WIRTH):

S. 2260. A bill to direct the Secretary of the Army to transfer jurisdiction over the Rocky Mountain Arsenal in Colorado to the Secretary of the Interior for the purpose of establishing a national wildlife refuge, and for other purposes; to the Committee on Armed Services.

ROCKY MOUNTAIN ARSENAL NATIONAL WILDLIFE REFUGE ACT

• Mr. BROWN. Mr. President, today I rise to introduce a bill to establish one of the Nation's largest wildlife refuges, located in an urban area, in the country. The Colorado Metropolitan Wildlife Refuge Act of 1992 would transfer jurisdiction of the Rocky Mountain Arsenal in Colorado to the Department of the Interior for the establishment of a national wildlife refuge. The arsenal, located less than 10 miles from downtown Denver, will provide over 16,000 acres of open space in a metropolitan area.

I originally introduced a similar bill in July of 1991. Since that time, however, the House Armed Services Committee has approved an amendment in the nature of a substitute to H.R. 1435, the House version of my bill, which incorporates a compromise reached by Representatives ALLARD and SCHROEDER. Subsequently, I am introducing this revised version of S. 1460 in the Senate and would like to move forward with this bill in place of the original text of S. 1460.

This compromise, I believe, addresses most, if not all, the concerns raised by both the Senate Armed Services and Environment and Public Works Committees last year when I suggested adding S. 1460 as an amendment to the fiscal year 1991 Defense authorization bill.

In particular, staff on the Armed Services Committee were concerned that a transfer of the property from the Department of the Army to the Secretary of the Interior before the completion of the cleanup of the site would complicate both the cleanup and liability questions surrounding the

site. The compromise now sets the transfer of the site upon completion of the cleanup.

In addition, the advisory panel to which the Environment and Public Works Committee staff objected has been eliminated and the liability language responds to concerns raised by staff as well. It is my hope that we can begin action in the Senate as soon as possible.

Mr. President, Rocky Mountain Arsenal was established in 1942, and was used by the Army to manufacture and dispose of chemical weapons, such as nerve gas. The Army also leased a section of the arsenal grounds to a private company to manufacture pesticides.

The arsenal, which has been placed on Superfund's national priority list, is considered one of the most toxic pieces of land in the world. It is the No. 1 cleanup priority for the entire Department of Defense Environmental Restoration Program.

Mr. President, this legislation will benefit the region for generations to come by providing visitors an experience no other major metropolitan area in the Nation can duplicate. The arsenal serves as a habitat island, a largely undeveloped 27 square mile urban area sanctuary for mule and white tail deer, bald eagles, hawks, geese, rabbits, pheasants, coyotes, prairie dogs, and other species. It is now a prime wintering ground for the endangered bald eagle with up to 40 eagles using a communal roost on the arsenal from about November through February.

There are few, if any, other places in the United States where such large concentrations of threatened, endangered, and important wildlife are located so close to a major metropolitan area. This gathering of wildlife in a small area affords one of the best opportunities in the world for people to watch the interactions various species. The close proximity of wildlife and wildlife habitat to a major urban area provides uncommon opportunities for people to observe, study, and enjoy rare and important wildlife which otherwise would be more difficult to view and study.

We have a terrific opportunity to turn a site which has plagued the neighboring communities with the specter of nerve gas production for decade into an asset and I urge Congress to act quickly on this measure.●

ADDITIONAL COSPONSORS

S. 88

At the request of Mr. DURENBERGER, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 88, a bill to amend the Internal Revenue Code of 1986 to make permanent the deduction for health insurance costs for self-employed individuals.

S. 284

At the request of Mr. LIEBERMAN, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 284, a bill to amend the Internal Revenue Code of 1986 with respect to the tax treatment of payments under life insurance contracts for terminally ill individuals.

S. 311

At the request of Mr. ROTH, the name of the Senator from New York [Mr. D'AMATO] was added as a cosponsor of S. 311, a bill to make long-term care insurance available to civilian Federal employees, and for other purposes.

S. 703

At the request of Mr. WOFFORD, his name was added as a cosponsor of S. 703, a bill to amend the Harmonized Tariff Schedule of the United States to correct the tariff rate inversion on certain iron and steel pipe and tube products.

S. 765

At the request of Mr. BREAUX, the names of the Senator from Indiana [Mr. COATS] and the Senator from West Virginia [Mr. ROCKEFELLER] were added as cosponsors of S. 765, a bill to amend the Internal Revenue Code of 1986 to exclude the imposition of employer Social Security taxes on cash tips.

S. 873

At the request of Mr. BOREN, the name of the Senator from Alaska [Mr. MURKOWSKI] was added as a cosponsor of S. 873, a bill to amend the Internal Revenue Code of 1986 to clarify the treatment of interest income and rental expense in connection with safe harbor leases involving rural electric cooperatives.

S. 879

At the request of Mr. DASCHLE, the name of the Senator from Tennessee [Mr. GORE] was added as a cosponsor of S. 879, a bill to amend the Internal Revenue Code of 1986 to clarify the treatment of certain amounts received by a cooperative telephone company indirectly from its members.

S. 1088

At the request of Mr. KENNEDY, the name of the Senator from Vermont [Mr. JEFFORDS] was added as a cosponsor of S. 1088, a bill to amend the Public Health Service Act to establish a center for tobacco products, to inform the public concerning the hazards of tobacco use, to provide for disclosure of additives to such products, and to require that information be provided concerning such products to the public, and for other purposes.

S. 1102

At the request of Mr. MOYNIHAN, the name of the Senator from Pennsylvania [Mr. WOFFORD] was added as a cosponsor of S. 1102, a bill to amend title XVIII of the Social Security Act to provide coverage of qualified mental health professionals services furnished in community mental health centers.

S. 1314

At the request of Mr. BOREN, the name of the Senator from North Dakota [Mr. BURDICK] was added as a cosponsor of S. 1314, a bill to amend the Internal Revenue Code of 1986 to provide for fair treatment of small property and casualty insurance companies.

S. 1357

At the request of Mr. BREAUX, the names of the Senator from Michigan [Mr. LEVIN], the Senator from Michigan [Mr. RIEGLE], and the Senator from South Carolina [Mr. THURMOND] were added as cosponsors of S. 1357, a bill to amend the Internal Revenue Code of 1986 to permanently extend the treatment of certain qualified small issue bonds.

S. 1381

At the request of Mr. GRAHAM, the name of the Senator from Wisconsin [Mr. KASTEN] was added as a cosponsor of S. 1381, a bill to amend chapter 71 of title 10, United States Code, to permit retired members of the Armed Forces who have a service-connected disability to receive military retired pay concurrently with disability compensation.

S. 1446

At the request of Mr. KERREY, the name of the Senator from New York [Mr. MOYNIHAN] was added as a cosponsor of S. 1446, a bill to provide for an equitable and universal national health care program administered by the States, and for other purposes.

S. 1463

At the request of Mr. BREAUX, the name of the Senator from South Dakota [Mr. PRESSLER] was added as a cosponsor of S. 1463, a bill to amend the Federal Water Pollution Control Act to establish a comprehensive program for conserving and managing wetlands in the United States, and for other purposes.

S. 1476

At the request of Mr. DANFORTH, the names of the Senator from Michigan [Mr. LEVIN], and the Senator from West Virginia [Mr. ROCKEFELLER] were added as cosponsors of S. 1476, a bill to recognize the organization known as the Shepherd's Centers of America, Incorporated.

S. 1521

At the request of Mr. MCCONNELL, the name of the Senator from New Hampshire [Mr. SMITH] was added as a cosponsor of S. 1521, a bill to provide a cause of action for victims of sexual abuse, rape, and murder, against producers and distributors of hard-core pornographic material.

S. 1578

At the request of Mr. THURMOND, the name of the Senator from North Carolina [Mr. HELMS] was added as a cosponsor of S. 1578, a bill to recognize and grant a Federal charter to the Military Order of World Wars.

S. 1677

At the request of Mr. DASCHLE, the name of the Senator from West Virginia [Mr. ROCKEFELLER] was added as a cosponsor of S. 1677, a bill to amend title XIX of the Social Security Act to provide for coverage of alcoholism and drug dependency residential treatment services for pregnant women and certain family members under the medicaid program, and for other purposes.

S. 1681

At the request of Mr. SEYMOUR, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of S. 1681, a bill to amend title II of the Social Security Act to make it clear that States and local governments may not tax social security benefits.

S. 1698

At the request of Mr. SARBANES, the names of the Senator from Hawaii [Mr. AKAKA] and the Senator from Alaska [Mr. MURKOWSKI] were added as cosponsors of S. 1698, a bill to establish a National Fallen Firefighters Foundation.

S. 1731

At the request of Mr. MCCONNELL, the names of the Senator from Tennessee [Mr. GORE] and the Senator from South Dakota [Mr. PRESSLER] were added as cosponsors of S. 1731, a bill to establish the policy of the United States with respect to Hong Kong after July 1, 1997, and for other purposes.

S. 1732

At the request of Mr. DASCHLE, the name of the Senator from South Dakota [Mr. PRESSLER] was added as a cosponsor of S. 1732, a bill to amend the Internal Revenue Code of 1986 to clarify the treatment of leased employees, and for other purposes.

S. 1842

At the request of Mr. DASCHLE, the name of the Senator from North Dakota [Mr. CONRAD] was added as a cosponsor of S. 1842, a bill to amend title XIX of the Social Security Act to provide for medicaid coverage of all certified nurse practitioners and clinical nurse specialists services.

S. 1851

At the request of Mr. ROCKEFELLER, the name of the Senator from Tennessee [Mr. GORE] was added as a cosponsor of S. 1851, a bill to provide for a Management Corps that would provide the expertise of United States businesses to the Republics of the Soviet Union and the Baltic States.

S. 1866

At the request of Mr. KENNEDY, the name of the Senator from Massachusetts [Mr. KERRY] was added as a cosponsor of S. 1866, a bill to promote community based economic development and to provide assistance for community development corporations, and for other purposes.

S. 1872

At the request of Mr. BENTSEN, the name of the Senator from Nevada [Mr. BRYAN] was added as a cosponsor of S. 1872, a bill to provide for improvements in access and affordability of health insurance coverage through small employer health insurance reform, for improvements in the portability of health insurance, and for health care cost containment, and for other purposes.

S. 1989

At the request of Mr. ROCKEFELLER, the names of the Senator from Alabama [Mr. SHELBY], and the Senator from Alabama [Mr. HEFLIN] were added as cosponsors of S. 1989, a bill to amend certain provisions of the Internal Revenue Code of 1986 to improve the provision of health care to retirees in the coal industry, to revise the manner in which such care is funded and maintained, and for other purposes.

S. 2080

At the request of Mr. LEVIN, the names of the Senator from Iowa [Mr. GRASSLEY], and the Senator from Utah [Mr. GARN] were added as cosponsors of S. 2080, a bill to clarify the application of Federal preemption of State and local laws, and for other purposes.

S. 2118

At the request of Mr. DECONCINI, the name of the Senator from Pennsylvania [Mr. SPECTER] was added as a cosponsor of S. 2118, a bill to create a Department of the Treasury Forfeiture Fund.

S. 2159

At the request of Mr. BOREN, the name of the Senator from Louisiana [Mr. BREAUX] was added as a cosponsor of S. 2159, a bill to amend the Internal Revenue Code of 1986 to stimulate economic growth and long-term competitiveness in the United States by providing middle-income tax relief and by stimulating capital investment, and for other purposes.

S. 2160

At the request of Mr. GRASSLEY, the names of the Senator from Oklahoma [Mr. NICKLES], and the Senator from Montana [Mr. BURNS] were added as cosponsors of S. 2160, a bill to amend the Internal Revenue Code of 1986 to allow taxpayers to elect a deduction or credit for interest on certain educational loans.

S. 2167

At the request of Mr. SEYMOUR, the name of the Senator from Michigan [Mr. RIEGLE] was added as a cosponsor of S. 2167, a bill to restrict trade and other relations with the Republic of Azerbaijan.

S. 2197

At the request of Mr. GRAHAM, the names of the Senator from New York [Mr. D'AMATO], and the Senator from Iowa [Mr. HARKIN] were added as cosponsors of S. 2197, a bill to promote a peaceful transition to democracy in Cuba through the application of appropriate pressures on the Cuban Government and support for the Cuban people.

S. 2232

At the request of Ms. MIKULSKI, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of S. 2232, a bill to make available to consumers certain information regarding automobiles.

S. 2236

At the request of Mr. SIMON, the name of the Senator from Minnesota [Mr. WELLSTONE] was added as a cosponsor of S. 2236, a bill to amend the Voting Rights Act of 1965 to modify and extend the bilingual voting provisions of the Act.

S. 2239

At the request of Mr. PRYOR, the names of the Senator from Maryland [Mr. SARBANES], and the Senator from North Carolina [Mr. HELMS] were added as cosponsors of S. 2239, a bill to amend the Internal Revenue Code of 1986 to provide additional safeguards to protect taxpayer rights.

S. 2246

At the request of Mr. KENNEDY, the names of the Senator from Wisconsin [Mr. KOHL], and the Senator from Tennessee [Mr. GORE] were added as cosponsors of S. 2246, a bill to suspend the forcible repatriation of Haitian nationals fleeing after the coup d'etat in Haiti until certain conditions are met.

SENATE JOINT RESOLUTION 166

At the request of Mr. DOLE, the name of the Senator from Minnesota [Mr. DURENBERGER] was added as a cosponsor of Senate Joint Resolution 166, a joint resolution designating the week of October 6 through 12, 1991, as "National Customer Service Week."

SENATE JOINT RESOLUTION 210

At the request of Mrs. KASSEBAUM, the names of the Senator from Rhode Island [Mr. CHAFEE], the Senator from Rhode Island [Mr. PELL], and the Senator from Tennessee [Mr. GORE] were added as cosponsors of Senate Joint Resolution 210, a joint resolution to designate March 12, 1992, as "Girl Scouts of the United States of America 80th Anniversary Day."

SENATE JOINT RESOLUTION 214

At the request of Mr. RIEGLE, the names of the Senator from Texas [Mr. BENTSEN], the Senator from South Carolina [Mr. THURMOND], and the Senator from Utah [Mr. GARN] were added as cosponsors of Senate Joint Resolution 214, a joint resolution to designate May 16, 1992, as "National Awareness Week for Life-Saving Techniques."

SENATE JOINT RESOLUTION 218

At the request of Mr. MITCHELL, the names of the Senator from New Mexico [Mr. BINGAMAN], the Senator from South Carolina [Mr. THURMOND], the Senator from Hawaii [Mr. INOUYE], and the Senator from Wisconsin [Mr. KOHL] were added as cosponsors of Senate Joint Resolution 218, a joint resolution designating the calendar year 1993 as the "Year of American Craft: A Celebration of the Creative Work of the Hand."

SENATE JOINT RESOLUTION 230

At the request of Mr. REID, the names of the Senator from Alabama [Mr. SHELBY], and the Senator from North Dakota [Mr. CONRAD] were added as cosponsors of Senate Joint Resolution 230, a joint resolution providing for the issuance of a stamp to commemorate the Women's Army Corps.

SENATE JOINT RESOLUTION 233

At the request of Mr. BIDEN, the names of the Senator from Georgia [Mr. FOWLER], the Senator from Virginia [Mr. ROBB], the Senator from Ohio [Mr. GLENN], the Senator from Massachusetts [Mr. KERRY], the Senator from Indiana [Mr. LUGAR], the Senator from Florida [Mr. MACK], and the Senator from Wyoming [Mr. SIMPSON] were added as cosponsors of Senate Joint Resolution 233, a joint resolution to designate the week beginning April 12, 1992, as "National Public Safety Telecommunicators Week."

SENATE JOINT RESOLUTION 239

At the request of Mr. PACKWOOD, the names of the Senator from Oklahoma [Mr. BOREN], the Senator from West Virginia [Mr. BYRD], the Senator from North Dakota [Mr. CONRAD], the Senator from Nebraska [Mr. EXON], the Senator from Alabama [Mr. HEFLIN], the Senator from Hawaii [Mr. INOUYE], the Senator from Nevada [Mr. REID], the Senator from Alabama [Mr. SHELBY], the Senator from Pennsylvania [Mr. WOFFORD], the Senator from Minnesota [Mr. WELLSTONE], the Senator from Georgia [Mr. NUNN], the Senator from Kentucky [Mr. FORD], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from Indiana [Mr. COATS], the Senator from Maine [Mr. COHEN], the Senator from South Dakota [Mr. DASCHLE], the Senator from New Mexico [Mr. DOMENICI], the Senator from Utah [Mr. GARN], the Senator from Iowa [Mr. GRASSLEY], the Senator from Vermont [Mr. JEFFORDS], the Senator from California [Mr. SEYMOUR], the Senator from Pennsylvania [Mr. SPECTER], the Senator from Wyoming [Mr. WALLOP], and the Senator from Indiana [Mr. LUGAR] were added as cosponsors of Senate Joint Resolution 239, a joint resolution designating February 6, 1992, as "National Women and Girls in Sports Day."

SENATE JOINT RESOLUTION 241

At the request of Mr. SPECTER, the name of the Senator from North Dakota [Mr. CONRAD] was added as a cosponsor of Senate Joint Resolution 241, designating October 1992 as "National Domestic Violence Awareness Month."

SENATE JOINT RESOLUTION 243

At the request of Mr. KASTEN, the names of the Senator from Mississippi [Mr. COCHRAN] and the Senator from Hawaii [Mr. INOUYE] were added as cosponsors of Senate Joint Resolution 243, a joint resolution to designate the period commencing March 8, 1992 and ending on March 14, 1992, as "Deaf Awareness Week."

SENATE JOINT RESOLUTION 246

At the request of Mr. LIEBERMAN, the name of the Senator from Wisconsin [Mr. KASTEN] was added as a cosponsor of Senate Joint Resolution 246, a joint resolution to designate April 15, 1992, as "National Recycling Day."

SENATE JOINT RESOLUTION 247

At the request of Mr. DOLE, the names of the Senator from New Jersey [Mr. BRADLEY], the Senator from New York [Mr. MOYNIHAN], and the Senator from Indiana [Mr. LUGAR] were added as cosponsors of Senate Joint Resolution 247, a joint resolution designating June 11, 1992, as "National Alcoholism and Drug Abuse Counselors Day."

SENATE JOINT RESOLUTION 248

At the request of Mr. CONRAD, the names of the Senator from Indiana [Mr. LUGAR] and the Senator from Kansas [Mr. DOLE] were added as cosponsors of Senate Joint Resolution 248, a joint resolution designating August 7, 1992, as "Battle of Guadalcanal Remembrance Day."

SENATE JOINT RESOLUTION 254

At the request of Mr. MOYNIHAN, the names of the Senator from Hawaii [Mr. AKAKA], the Senator from Texas [Mr. BENTSEN], the Senator from Oklahoma [Mr. BOREN], the Senator from New Jersey [Mr. BRADLEY], the Senator from Louisiana [Mr. BREAUX], the Senator from Arkansas [Mr. BUMPERS], the Senator from Missouri [Mr. DANFORTH], the Senator from Kansas [Mr. DOLE], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from Vermont [Mr. LEAHY], the Senator from Connecticut [Mr. LIEBERMAN], the Senator from Rhode Island [Mr. PELL], the Senator from Arkansas [Mr. PRYOR], the Senator from North Carolina [Mr. SANFORD], the Senator from California [Mr. SEYMOUR], the Senator from South Carolina [Mr. THURMOND], and the Senator from Colorado [Mr. WIRTH] were added as cosponsors of Senate Joint Resolution 254, a joint resolution commending the New York Stock Exchange on the occasion of its bicentennial.

At the request of Mr. D'AMATO, the names of the Senator from Florida [Mr. MACK], the Senator from Oregon [Mr. HATFIELD], and the Senator from Oregon [Mr. PACKWOOD] were added as cosponsors of Senate Joint Resolution 254, supra.

SENATE JOINT RESOLUTION 255

At the request of Mr. D'AMATO, the name of the Senator from Alaska [Mr. MURKOWSKI] was added as a cosponsor of Senate Joint Resolution 255, a joint resolution to designate September 13, 1992 as "Commodore Barry Day."

SENATE JOINT RESOLUTION 257

At the request of Mr. LAUTENBERG, the name of the Senator from South Dakota [Mr. PRESSLER] was added as a cosponsor of Senate Joint Resolution 257, a joint resolution to designate the month of June 1992, as "National Scleroderma Awareness."

SENATE CONCURRENT RESOLUTION 70

At the request of Mr. SANFORD, the names of the Senator from Kentucky [Mr. MCCONNELL] and the Senator from Tennessee [Mr. GORE] were added as cosponsors of Senate Concurrent Resolution 70, a concurrent resolution to express the sense of the Congress with respect to the support of the United States for the protection of the African elephant.

SENATE CONCURRENT RESOLUTION 89

At the request of Mr. KERRY, the name of the Senator from Massachusetts [Mr. KENNEDY] was added as a cosponsor of Senate Concurrent Resolution 89, a concurrent resolution to express the sense of the Congress concerning the United Nations Conference on Environment and Development.

SENATE RESOLUTION 246

At the request of Mr. DOLE, the names of the Senator from Florida [Mr. GRAHAM] and the Senator from New Mexico [Mr. DOMENICI] were added as cosponsors of Senate Resolution 246, a resolution on the recognition of Croatia and Slovenia.

SENATE RESOLUTION 249

At the request of Mr. D'AMATO, the names of the Senator from Tennessee [Mr. GORE], the Senator from North Dakota [Mr. CONRAD], and the Senator from Pennsylvania [Mr. WOFFORD] were added as cosponsors of Senate Resolution 249, a resolution expressing the sense of the Senate that the United States should seek a final and conclusive account of the whereabouts and definitive fate of Raoul Wallenberg.

SENATE CONCURRENT RESOLUTION 94—RELATIVE TO HUMAN RIGHTS VIOLATIONS IN NORTHERN IRELAND

Mr. DODD submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 94

Whereas the list of human rights abuses involving important elements of the British Government is lengthy and well documented, as evidenced by recent reports from the Norwegian Helsinki Committee, Amnesty International and the Helsinki Watch Committee;

Whereas the legal safeguards against such abuses of human rights are often inadequate;

Whereas while it is recognized that killings by the Irish Republican Army and Loyalist paramilitary forces outnumber those by the British security forces, of the more than 300 killings by security forces since 1969, many of which were against unarmed civilians, only 21 resulted in murder charges, and only two in convictions;

Whereas investigations of police abuses have been internal and have not been available to the public, including the victims and their families;

Whereas evidence persists that security forces, acting in concert with the British Government, have on more than one occasion sought to cover up reports of certain violations;

Whereas an investigation by Deputy Chief Constable John Stalker revealed the exist-

ence of an elaborate coverup in a case involving an elite antiterrorist squad of the royal Ulster Constabulary in the killing of six Catholic youths which included falsification of testimony, obstruction of the coroner's investigation and the destruction of critical evidence;

Whereas British authorities undertook a lengthy campaign to discredit Stalker and his recommendations were ignored;

Whereas there has been a long standing and warm alliance between the United States and the United Kingdom which has been a source of stability and comfort to many Americans, especially during this time of rapidly shifting international alliances;

Whereas the political and judicial principles which guide our Nation today, including safeguards painstakingly hewn from the British Magna Carta, urgently compel us to speak out against inequity and abuse no matter where in the world they occur;

Whereas the stubborn and irrepressible American commitment to fairness and decency does not distinguish between friend and enemy, criminal or prosecutor, and the American covenant of democracy commits the United States to protest any wrongdoing and confront any injustice;

Whereas it is clear that the turmoil and bloodshed in Northern Ireland will not come to an end until the British authorities, including the military and security forces, are prepared to protect and defend the human rights of all the citizens of Northern Ireland; and

Whereas as an ally and a friend, the United States has a unique opportunity to insist that the United Kingdom adhere to recognized standards of justice and decency in Northern Ireland and, as a leading power in the world community, the United States has a special responsibility to do so: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the President should urge the Government of the United Kingdom to address the continuing human rights violations in Northern Ireland and should seek the initiation of talks, under appropriate international supervision, among all parties involved in the conflict in Northern Ireland in an effort to find a lasting and equitable solution.

SEC. 2. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the President.

SENATE RESOLUTION NO. 261—RELATING TO SENATORIAL COMMITTEE SERVICE

Mr. GRASSLEY submitted the following resolution; which was referred to the Committee on Rules and Administration:

S. RES. 261

Resolved,

SECTION 1. LIMITATION ON LENGTH OF SERVICE ON CONGRESSIONAL COMMITTEES.

Rule XXIV of the Standing Rules of the Senate is amended by adding at the end the following new paragraph:

"5. (a) For the purposes of this paragraph, the term 'committee' includes a standing committee, select committee, and any other committee of the Senate and a joint committee of the Senate and the House of Representatives.

"(b) A Senator who has completed service as a member of a committee for 4 consecutive full Congresses may not be appointed to serve as a member of that committee until the beginning of the third Congress following the completion of the Senator's fourth term of service as a member of the committee.

"(c) To the extent possible, at least one-half of the Members of the majority party and one-half of the Members of the minority party that are appointed to serve on a committee during a Congress shall be Senators who served on that committee during the preceding Congress.

"(d) It shall not be in order to consider a resolution or take any other action that appoints Senators to serve on a committee in violation of this rule or any other rule of the Senate.".

SEC. 2. PHASING IN.

(a) SERVICE PRIOR TO THE 103D CONGRESS.—Service by a Senator as a member, chairman, or vice chairman of a committee of the Senate or of a joint committee of the Senate and the House of Representatives prior to the beginning of the 103d Congress shall not be counted for the purposes of paragraph 5 of rule XXIV of the Standing Rules of the Senate, as added by section 1.

(b) ESTABLISHMENT OF REGULAR ROTATION OF MEMBERSHIP.—To the extent practicable, no more than three-fourths of the Senators appointed to a committee for the 104th Congress shall be Senators who served on that committee for the 103d Congress.

(2) To the extent practicable, no more than three-fourths of the Senators appointed to a committee for the 105th Congress shall be Senators who served on that committee for the 103d or 104th Congress.

(3) To the extent practicable, no more than three-fourths of the Senators appointed to a committee for the 106th Congress shall be Senators who served on that committee for the 103d, 104th, or 105th Congress.

(4) To the extent practicable, no more than three-fourths of the Senators appointed to a committee for the 107th Congress shall be Senators who served on that committee for the 103d, 104th, 105th, or 106th Congress.

Mr. GRASSLEY. Mr. President, I rise to submit an important measure for the Senate's consideration. The resolution I propose today will amend the rules of the Senate to limit the length of time that Senators may serve on committees.

Mr. President, the Congress has never been held in such low esteem. Congress has been berated, beaten up, and blasted. The people are upset with Congress for exempting itself from various laws, for raising its salaries in the dead of night, for allowing drug deals in the House Post Office, and for many other inexcusable actions.

Congress is beginning to get the message that it needs to change its ways. Last year, the Senate began to take steps to provide its employees real remedies for violation of the civil rights laws. This was a step forward for this institution, but the job is hardly begun. We need to consider all worthy proposals that will improve the functioning of Congress and enhance public confidence in their democratic institutions. Although we finally did pass congressional coverage for civil rights violations, we have mainly responded to the public's alarm for change by pressing the snooze button.

One of the major causes for the inability of Congress to legislate properly, and for the public disgust with this body, is what political scientists for many years have called "iron triangles."

This is how scholars of the congressional process view the iron triangle.

These are interlocking groups that seize control of—and virtually gain a hammerlock on—the policy and budgetary agenda at the expense of the general public. It works like this: A Federal agency is given responsibility for a particular area. A congressional committee is given oversight responsibility over that agency. And special interest groups whose members are directly affected by the actions of the agency and the committee also play a role.

The special interest groups lobby committee members, many of whom they have known for years, and whom they have supported for years. The committee uses oversight hearings to make the agency be responsive to the special interest groups' desires. Satisfying those desires is a key means by which the member gains political support. And the agency makes its policy decisions with a watchful eye on the congressional committee.

Its future funding will depend in large part on how well it reacts to committee directives. The net result is that the special interest groups have a strong hand over what the congressional committee and agency do. In the absence of the iron triangle, Members would consider a broader range of interests in their legislative duties.

Whether or not Members of this body agree with the political scientists' point of view it is a fact that the description enhances the cynicism of our citizens toward Congress.

So, if the Senate rules required committee members to rotate committee assignments, the iron triangle situation would be less common. Special interest groups could not concentrate on a few Members to pressure because committee composition would change. Agencies would therefore be less beholden to a congressional agenda that in reality is set by pressure groups.

I believe that committee rotation would also help to gain control over Federal spending.

Today, many Members seek committee assignments where they can influence policy areas of particular importance to their home States. In this way, they can steer funding to their constituents. If Members had to rotate their service, it would be harder for Senators to shift pork barrel spending to their States.

By moving to different committees, Members would gain expertise in many different areas of policy, rather than only a few. This would allow Members to approach problems with insights from other areas that they can share in a variety of assignments. And by hav-

ing knowledge regarding a larger number of public policy areas, Senators will become better legislators. There will not be a loss of specialized expertise. A Member knows little more about a committee's domain after 20 years on a committee than he or she knew after 10.

Under my proposal, Senators could serve up to 8 years on any committee. They would then have to serve on another committee. However, they would be eligible to return to the original committee after 4 years. Rotation would be phased in so as to preserve a level of continuity and expertise among committee members. Committee rotation has worked well on a number of assignments, such as the Intelligence Committee, and I believe would function well for all committees.

The fact is, Mr. President, that the people are rebelling. They want to throw the rascals out. And they have reason to be upset. In response to their justified exasperation, many citizens have decided that they favor term limitations on Members of Congress.

I encourage my colleagues to consider this measure as a means of addressing many of the concerns that proponents of term limits have raised. The iron triangle is one of the main reasons why Members can entrench themselves in Congress. This resolution will go a long way to reducing that problem and, I believe, achieve through internal reform what many citizens now unhappily believe can be attained only by limiting congressional terms.

Mr. President, I hope that hearings can soon be held on this important and worthwhile proposal.

NOTICES OF HEARINGS

SPECIAL COMMITTEE ON AGING

Mr. PRYOR. Mr. President, I would like to announce for the public that the Special Committee on Aging has scheduled a hearing entitled, "Elderly Left Out in the Cold?: Effects of Fuel Assistance and Housing Cuts on Senior Citizens."

The hearing will take place on Tuesday, March 3, 1992, beginning at 9:30 a.m. in room 628 in the Dirksen Senate Office Building in Washington, DC.

For further information, please contact Portia Mittelman, staff director at (202) 224-5364.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LEAHY. Mr. President, I would like to announce that the Senate Committee on Agriculture, Nutrition, and Forestry, will hold a hearing on the School Lunch Program, Tuesday, March 3, 1992, at 9:30 a.m., in SR-332.

For further information please contact Ed Barron or Andy Fish of the committee staff at 224-2035.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. INOUYE. Mr. President, I would like to announce that the Select Committee on Indian Affairs will be holding a markup on Wednesday, February 26, 1992, beginning at 2 p.m., in 485 Russell Senate Office Building, on S. 1602, the Fort Peck Indian Tribes Montana Compact Act of 1991, and for other purposes, and S. 2245, to authorize funds for the implementation of the settlement agreement reached between the Pueblo of Cochiti and the U.S. Army Corps of Engineers under the authority of Public Law 100-202, to be followed immediately by an oversight hearing on the President's budget for fiscal year 1993 for Indian programs.

Those wishing additional information should contact the Select Committee on Indian Affairs at 224-2251.

Mr. INOUYE. Mr. President, I would like to announce that the Select Committee on Indian Affairs will be holding an oversight hearing on Thursday, February 27, 1992, beginning at 2:30 p.m., in 485 Russell Senate Office Building, continuation on the President's budget for fiscal year 1993 for Indian programs.

Those wishing additional information should contact the Select Committee on Indian Affairs at 224-2251.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, February 25, at 10 a.m. to hold a hearing on "Strategic Nuclear Reduction in a Post-Cold-War World: National Security Issues."

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

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban be authorized to meet during the session of the Senate Tuesday, February 25, 1992, at 10 a.m. to conduct a hearing on "The Federal Reserve's First Monetary Policy Report for 1992."

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

COMMITTEE ON VETERANS' AFFAIRS

Mr. MITCHELL. Mr. President, the Committee on Veterans' Affairs would like to request unanimous consent to hold a joint hearing with the House Veterans' Affairs Committee to hear the legislative presentation by the Disabled American Veterans. The hearing will be held on February 25, 1992, at 9:30 a.m. in the room 345 of the Cannon Building.

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

SUBCOMMITTEE ON PUBLIC LANDS, NATIONAL PARKS, AND FORESTS

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Subcommittee on Public Lands, National Parks, and Forests and 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, 2:30 p.m., February 25, 1992, to receive testimony on H.R. 3359, a bill to amend the Geothermal Steam Act of 1970 (30 U.S.C. 1001-1027), and for other purposes.

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

COMMITTEE ON ARMED SERVICES

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet on Tuesday, February 25, 1992, at 2:30 p.m., to receive testimony on inventory management in the Department of Defense.

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

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Governmental Affairs Committee be authorized to meet on Tuesday, February 25, at 9:30 a.m., for a hearing on the subject of: Impacts of Nuclear Disarmament on Department of Energy.

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

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Tuesday, February 25, 1992, at 10 a.m., for a hearing on "Income Dependent Educational Assistance and Self-Reliance Loans."

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

ADDITIONAL STATEMENTS

COMMENDING POLICE CHIEF JERRY ZOHNER

• Mr. BRYAN. Mr. President, I rise today to commend one of Nevada's outstanding public servants on the event of his retirement. On February 28, Police Chief Jerry Zohner will retire from the North Las Vegas Police Department after 35 years of dedicated service. After joining the department in 1956, he was promoted to sergeant in 1962, lieutenant in 1971, captain in 1978 and chief in March, 1987.

Our Nation's police forces are under incredible pressures, face constant demands and are often placed in life-threatening situations. Throughout his 35 years of service, Chief Zohner has proved that he was well up to all the tasks demanded of him, and he has performed his job with bravery and diligence.

In 1968, Chief Zohner was awarded the Silver Medal of Honor for his courage when he rescued two fellow officers who were being held hostage by a gun-

man. The chief risked his life by making himself a target and allowing the two officers to escape safely. North Las Vegas Mayor William Taylor awarded him the medal for "devotion to duty, devotion to fellow officers and bravery." During the incident, Chief Zohner suffered gunshot wounds to his lung and hip.

Not only has Chief Zohner been dedicated to the police force but he and his wife Marie are valuable members of the community and active in their church. As Assistant Police Chief Ron Lusch put it, Chief Zohner's "heart lies with the city of North Las Vegas and the North Las Vegas Police Department."

North Las Vegas will miss having Jerry Zohner as their police chief. However, he leaves behind a valuable legacy of hard work and dedication that is sure to benefit the police force in the years to come.

On February 28, friends, family and colleagues will celebrate Jerry's retirement at a luncheon. I am disappointed that I will be unable to attend but I would like to extend to Jerry my thanks for his work over the years and my best wishes for his retirement years ahead.•

TRIBUTE TO LIZ McINTYRE

• Mr. SMITH. Mr. President, I rise today to congratulate Liz McIntyre of Lyme, NH, for her outstanding sixth place finish in women's freestyle skiing at the 1992 winter Olympics in Albertville, France. This is a tremendous accomplishment for Liz and everyone in the Granite State is very proud of her.

As you know, the Olympics represents the pinnacle of success in an athlete's career. I know Liz has trained long and hard to place so highly in this international competition. The people of New Hampshire have been watching Liz and all of the other American athletes with great enthusiasm.

Liz, age 26, is the daughter of Ross and Jean McIntyre of Lyme, NH. She is a 1983 graduate of Hanover High School and graduated from Dartmouth College in 1987. As the youngest of three children, Liz started skiing at the Dartmouth Ski Way at the age of 4.

After attending the Lyme School, Liz began competing in freestyle skiing as a junior at Hanover High School. Liz is a member of the U.S. freestyle ski team and has participated in national competition five times. After the Olympics, Liz will compete in Japan and Austria before going on to this year's nationals in Colorado in April.

We admire Liz's dedication and skill to her sport that has made her such a champion. Freestyle skiing has no set course and no poles. The skier goes down a steep, bumpy course and performs two aerial maneuvers throughout the course. The skier is judged on time, technique, and aerial moves such as the "spread eagle."

During the 1992 Olympics in Albertville, 24 women competed in the preliminary run on February 12. Liz finished fourth with the fastest time of all the women. The following day, the top eight finishers raced and Liz finished in sixth place. Four Americans finished among the top 24.

Again, New Hampshire is very proud of Liz McIntyre and her sixth place finish in Albertville. She has been a great ambassador from new Hampshire and we proudly look forward to her return to the Granite State.•

CONGRESSIONAL CALL TO CONSCIENCE

• Mr. DECONCINI. Mr. President, despite the dramatic moves toward democracy and the demise of the Soviet empire into independent states, we are still not rid of all of the vestiges of the past. One such vestige, one that has nearly been forgotten by many, is the still outstanding refusenik cases in the former Soviet Union. Unfortunately, this relic remains an irritant at a time when we are forging relations with the newly independent states, all of whom, except Georgia are now members of the Conference on Security and Cooperation in Europe.

We recognize the efforts of many of these states to institutionalize democratic reforms, including human rights, and realize that the transition is by no means an easy one. Nevertheless, we cannot ignore that fact that, though far fewer in number, individuals continue to be denied their right to leave, in violation of the Helsinki accords and other CSCE documents.

Mr. President, These emigration cases involve individuals in several of the former Soviet republics, principally in Russia. As cochairman of the Helsinki Commission I, along with Chairman STENY H. HOYER, have transmitted our concerns to the leaders of Russia, Ukraine, Belarus, and Moldova, requesting that they resolve the remaining refusenik cases in keeping with their stated intent to abide by CSCE provisions. The list that we forwarded to the Russian Government includes the case of Alexander Solomadin of Moscow. Alexander has been in refusal for over 10 years because his father will not give permission for Alexander to Emigrate. As a result, Alexander's application sits at OVIR, but is not even being considered.

Regrettably, we have seen little progress in Russia in resolving their outstanding, and, in some instances, longstanding refusenik cases. The Government of Ukraine has made some headway, favorably resolving to date 17 of the 26 cases on the United States Government's representation list, although some of the remainder continue to be denied due to state security reasons.

Mr. President, with the fall of the totalitarian system of the past, I can conceive of no reason why people such as Alexander Solomadin and his family continue to be in refusal. I strongly urge the Governments of the newly independent states, especially Russia, to allow the hundreds of individuals still in refusal their right to leave without further delay.•

REGARDING THE DEPARTMENT OF LABOR'S GLASS CEILING INITIATIVE

• Mr. HATFIELD. Mr. President, I would like to take a moment to commend and lend my support to the Secretary of Labor, Lynn Martin, in her effort to encourage America's industry to provide equal career advancement opportunities to minorities and women. The Secretary has made it a priority to shatter the so-called glass ceiling.

A report, entitled "Workforce 2000," which was produced by the Department of Labor in 1987, showed that minorities and women have made some important gains in entering the work force. In fact, during the past 25 years, shifting demographics and the practice of equal employment opportunity and affirmative action have resulted in greater participation of women and minorities in the work force. Although minorities and women have made important gains at the entry level of employment and into the first levels of management, there are still some serious barriers which have hindered these groups from reaching upper level management positions.

The Department of Labor has defined the "glass ceiling" as an artificial barrier based on organizational and attitudinal bias that prevents qualified individuals from advancing upward in their place of employment into management-level positions. Unfortunately, existing employment networks as well as recruiting techniques have all to often hindered qualified minorities and women from achieving executive status. These disturbing facts effectively eliminate over one-half of our work force from top leadership positions. Furthermore, our economy suffers because potential new leaders and new sources of creativity are rarely given the chance to help segments of American industry compete successfully in today's global market.

Through my examination of this issue, I have come to the conclusion that Oregon can serve as a model for the country to look to for providing women a suitable environment for career advancement into higher levels of their profession. Although Oregon is not the utopia for working women, I believe that it has made positive steps forward in this arena. For example, Oregon has a higher percentage of women in politics as well as a higher percentage of women running businesses than the national average. A recent article

illustrated Oregon's track record in this area. I ask that "Climbing to the Top," be printed in the RECORD following my remarks.

The article follows:

CLIMBING TO THE TOP

(By Gary Eisler)

If women were in predominant leadership roles in government, business, culture and interpersonal relations, what would the world be like?

There is no better laboratory in the country (and perhaps the world) to test that idea than here in Oregon.

A number of highly visible professional women have turned Oregon into a special place. To borrow an expression from the vestige of Marxism, a quantitative accumulation has resulted in a qualitative change—water has turned to steam, the "old boy" network may be joined by an "old girl" network.

Oregon is not paradise for working women yet, but it is as close as they are likely to find today. The state attracts ambitious women the way a flower draws bees. The high quality of the natural and urban environments, the small scale of society, the egalitarian character of the political system and the open nature of the culture create for women an all but irresistible allure. In these conditions women can find their potential, not just in fancy titles, but in the arts, sports, relationships and human growth. What's more, they can call the shots as leaders.

Professional women are drawn here because of an active network of women leaders. When Oregon was courting Judith Ramaley for the presidency of Portland State University, women's status was a key consideration.

"As I met people, I found a surprising number of women in senior leadership positions, playing significant roles in society," said Ramaley, who was executive vice chancellor at the University of Kansas. "One of the factors I considered in deciding whether to accept the presidency was the climate for women in leadership. Will anyone listen to me? Take my message seriously? I didn't want the fact that I am a woman to get in the way of my message."

Women in high places also open the doors for other women. Before she made the decision to reduce the number of state boards and commissions, Gov. Barbara Roberts had appointed 98 women, or 49 percent, to the 200 openings onto panels that oversee state activities. She also encourages her managers to hire more women, and has expanded the appointment of women to judgeships and as justices of the peace. Five of her 12 judicial appointments to date have been women.

This is not to say life is perfect here. Daily responsibilities overwhelm most working women, who must juggle work inside and outside of the home. Oregon-born professional women seemingly do not enjoy the fast-track corporate life as much as those recruited from elsewhere, and many of those mobile outsiders either have adult children or no children. Also, sexual harassment remains a constant and continuing problem.

Such bastions of male dominance as the Arlington Club and the Waverley Country Club have only recently admitted women as members. (Judith Hofer, president and CEO of Meier & Frank, recalls a time when she had to ask a male friend who was a member of the Waverley Club to be her host so she could entertain her senior executives there.)

But the glass ceiling has not yet been shattered. Unequal pay and unequal representation at the top levels of corporations and professions remain frustrating, and women still are not well-represented as attorneys, physicians and certified public accountants.

"I don't expect the glass ceiling to exist for long," said Don Frisbee, chairman of PacifiCorp, Oregon's largest corporation. "It's just a matter of time. The glass ceiling is not permanent in any sense of the word. Women are on their way up, and there is nothing to stop them permanently."

If there was anything to stop US West's Marsha Congdon or Portland General Electric's Kay Stepp, it didn't deter them for long. They are at the forefront of women's progress in the state's major corporations.

Congdon, who was with US West in Denver, was appointed Oregon vice president and chief executive officer of the telephone company in 1987.

Two years later, Stepp was named president and chief operating officer of PGE, the first woman to run a major investor-owned utility in the country.

Their corporations are both among the state's top 10 employers, with US West accounting for 4,200 jobs in Oregon. Together, Congdon and Stepp make Portland unique in the country—with two major utilities/employers run by women.

However, most professional women, impatient with the pace of advancement in major corporations, have found self-employment a faster route to success.

Fully 38 percent of Oregon's businesses are run by women—compared with 30 percent nationally. Oregon women generate a larger portion of their state's total revenue than women do anywhere else, said Diane McClelland, co-founder of The Foundation For Women Owned Business. Women-owned businesses contributed 19.4 percent, or $4.2 billion, of Oregon's revenues, she said. Some of the more successful businesses include Barbara Sue Seal of Portland real estate fame, Wilma Cronin of Cronin & Caplan real estate and Carolyn Chambers of Chambers Communications in Eugene.

Indeed, women constitute the fastest-growing segment of Oregon's small business, said Jill Hall, owner of J.H. Hall Marketing Communications, a public-relations consulting firm. "Owning their own business means women don't have to worry about the glass ceiling—they can dance on top of it with their own ambition," she said.

Congdon added, "Today, nobody thinks it's particularly strange that women run major corporations. But 10 years ago you wouldn't have expected a woman governor. The fact that Barbara Roberts is a women wasn't an issue. That's the important, amazing leap."

Roberts is one of only three women governors in the nation (the others are Ann Richards of Texas and Joan Finney of Kansas).

Among the state's top women officials, Roberts is a popular name—owing to the governor's husband, Sen. Frank Roberts.

His daughter, Mary Wendy Roberts, is Oregon's commissioner of labor. Her mother, Betty Roberts, is a former state Supreme Court justice.

Mary Wendy Roberts is expected to run for secretary of state, the position Barbara Roberts held before she became governor. The secretary of state is next in line of succession, and if Mary Wendy Roberts is elected, she would become Governor Roberts, should the present Governor Roberts leave office prematurely.

Another top woman politician, Superintendent of Public Instruction Norma Paulus, is herself a former secretary of state and candidate for governor.

At the urban level, Rena Cusma is executive officer of Metro, the regional council that represents the interests of the three counties in the Portland metropolitan area.

Portland has had two woman mayors. Dorothy McCollough Lee (1948–1952) and Connie McCready (1979–1980). Now former House Speaker Vera Katz may become the third one. If Katz succeeds—she is ahead in the polls—Oregon would be the only state where the reins of political power at the state and major urban areas are in women's hands.

Oregon in the early '80s had more women legislators than any other state. Today, women make up 18 percent of state legislators across the country, but are almost one-fourth of the Oregon Legislature.

It is partly women's political activity that helped create the climate that has made Oregon attractive to women today. In the early 1980s, Redbook magazine rated Portland the No. 1 city in legislation favorable to women. The magazine considered such issues as no-fault divorce, abortion rights, rape laws, displaced homemakers assistance and pregnancy leave.

Oregon was the first state to protect a woman's right to an abortion, three years before the U.S. Supreme Court Roe vs. Wade decision in 1973. It was also in Oregon that marital rape first became a public issue in 1979. Oregon was also among the ratifying states for women's suffrage in 1912 and the unratified Equal Rights Amendment in 1973.

"I've found no place where there are that many significant women in public leadership roles who shape the way people think, what people pay attention to, what they work on, spend their energy on," PSU's Ramaley said. "Women help shape the agenda here."

Sandra Suran, president of The Suran Group, a Portland consulting firm, has studied the question thoroughly and said she knows of no other place where all the elements come together for women the way they do in Oregon.

"It's easier to break into the structure and establish your position here," said Suran, who moved to Portland from Southern California when she was 18. "Things are more open here. If you're not part of the long-term network, you can still become a credible person. People are open to new ideas. This entrepreneurial spirit attracts women because they approach things differently."

Oregon's relatively small population also makes it easier for women to rise to the top. "People have a greater opportunity to perform at a fairly high level here than their counterparts from other states," she said. "Oregon retains its small-town atmosphere."

Bob Ames, vice chairman of First Interstate Bank of Oregon, agrees. "We decry our scale, but there is an advantage to being downscale. Governor Roberts could not have had a conversation with Oregon if it were much bigger."

The political structure that shares power with its citizens may also be a factor, said Joan O'Neill, a partner in the law firm of Dunn, Carney, Allen, Higgins & Tongue, and one of Portland's best litigators. She was a nun for 20 years and was dean of students at Marylhurst College before becoming a lawyer.

"Our system empowers the people with the initiative and the referendum," she explained. "The system fosters outsiders. We are a grass-roots, pavement-pounding people. We don't have a patronage system where you have to belong to the machine. Oregon is a populist place."

Oregon's relative isolation from the mainstream is another benefit. "The power bro-

kers of the world—who tend to be mostly men—don't reside here," O'Neill said.

People who are attracted to Oregon come for reasons in addition to money. If women's rights are taken seriously here, perhaps it's because Oregonians believe it's the right thing to do.

"It's part of Oregon's historic social conscience," Ames noted. "We have always been ahead of the pack," he said, citing Oregon's leading reputation for environmental causes.

Adds Bob Pamplin Jr. of the R.P. Pamplin Corp., "Portland has carved out a maverick, independent, individualistic niche in the world. It's not liberal or conservative, but independent," and for that reason is willing to give opportunities to some who would not have them otherwise.

History has also played a part in advancing women in Oregon. World War II broke women out of old patterns and attitudes—especially here. Portland drew thousands of women to work in the shipyards while the men were away at war. For many, it was the first taste of a living wage and independence.

That transformation has continued in Oregon to women's relationship to men today. In rural Oregon's uncertain economy, women in the past have had to rely on themselves because they could not be assured their men would have work. During the worst of the recession of the early 1980s, at the time of worst trouble, 37 percent of the businesses started here were by women,"said Suran. "When their husbands were out of work, women with no education in rural areas started businesses to keep their families going."

Portland is a place where women explore their athletic and artistic potential. The Portland Marathon, for example, draws more women participants (29 percent) than any other marathon in the world. The Portland Symphony Orchestra—with 43 women and 44 men—has the largest number of women and the highest proportion of women of 10 comparable operations.

If women in Oregon succeed at tasks usually associated with men, their most important contributions may come through qualities most often associated with women, such as communication and relationships.

Stepp said: "The higher up the ladder you go, interpersonal skills become more important. More important than giving orders is listening, speaking and writing to get work done through other people—which is what you do in top management. There is nothing I can do by myself. I depend on others to get the results to make the company successful."

Taiwan-born Y. Sherry Sheng, the 40-year-old who runs the Metro Washington Park Zoo, encourages every zoo employee to participate in planning, which is why her first move was to spend two hours a day meeting and interviewing each of the zoo's 100 employees.

According to Keyser, the governor's key aide, "It may be stereotypic to say it, but to some extent women are more relationship-oriented." She said Roberts' relational ability "has been key in getting people on board. She is terrific one-on-one. You feel like you're the only one in the room. She really connects and connects quickly."

Can women's touted qualities of communication, compassion and consensus achieve what has not been achieved before?

Certainly we all will be affected by the agenda set by women. Tops on Roberts' list of priorities, for example, are liveable communities, health care, housing and education.

Women's legislators here and elsewhere are generally more sympathetic about women's rights, health care and children/family issues than are men.

As women set Oregon's agenda, they will focus the state's power and resources on topics important to them. As they gain success, the face of leadership will change. It's not that women will exclude in the past. But unless they learn to follow women leaders, men may find themselves out of the picture.

An example is a group photograph in Salem. Education chief Paulus is pictured with the leaders of the education committees of both houses of the Oregon Legislature—Sen. Shirley Gold, D-Portland, and Rep. Carolyn Oakley, R-Albany. When an educational reform bill was passed in the last session—sponsored by Katz—all of the principals involved in the new legislation, including the governor, gathered for a group portrait.

Everyone in the photo was a woman.•

AUDIT OF ANTI-SEMITIC INCIDENTS

• Mr. SIMON. Mr. President, I rise today to bring to your attention the continuing efforts of the Anti-Defamation League of B'nai B'rith [ADL]. For the past 13 years, the ADL has compiled data about anti-Jewish attacks, harassment, and vandalism, in their "Audit of Anti-Semitic Incidents." I commend their work to expose and combat hate crimes and would like to share with you some of their findings. Their efforts in collecting this information and in developing education projects have played a critical role both in drawing public attention to this problem and in beginning to work toward a solution.

Unfortunately, the ADL's 1991 survey indicates that the number and severity of anti-Semitic hate crimes has worsened nationwide. There were 1,879 incidents nationwide reported to the ADL, the highest number ever recorded and 11 percent more than what was reported in 1990. Reports came from 42 States, the District of Columbia and the Virgin Islands.

Incidents of harassment, threats, and assaults totaled 950, a 25 percent increase from 1990, and more than triple the number that occurred in 1986. What is especially disconcerting is the increase of assaults against Jewish individuals. From 1979 to 1989, the number of reported assaults averaged just over 20 per year. In 1991, however, there were 59 reported cases of physical attack and even one murder.

Also, in 1991, the incidence of politically related anti-Semitic acts increased as the United States went to war in the Persian Gulf. in 1 month, there were 52 acts of hate mail, threats, and vandalism. A California country club, patronized by Jews, received a phone threat: "Kill Every Jew.* * * On Behalf of Iraqi People." As the ADL points out, this was not more political criticism, but acts of hatred.

Sadly, acts of hatred were also evident on our Nation's campuses. In 1991, there were 101 anti-Semitic incidents reported at 60 colleges. One of the more disturbing incidents occurred at Ball State University, in Indiana. Student actors were preparing to perform a play about the Holocaust, In an effort to understand the stigma Jews experienced in the ghettos of World War II Germany, the young actors were asked by their instructor to wear yellow Stars of David. Several students reported incidents of anti-Semitism in response to the star. While waiting at a bus stop, a driver screamed anti-Semitic obscenities at one student. Another student actress reported that, in one of her other classes, a fellow student refused to participate in a class dialog with her because of the star she wore.

While the ADL's audit makes a great contribution to increasing public awareness of anti-Semitic violence, there are other minority communities in our country who are also victims of hate crimes. In 1990, in response to these crimes, Congress passed the Hate Crimes Statistic Act, legislation I sponsored, along with Senator HATCH. By requiring the Department of Justice to collect data on crimes motivated by hatred based on race, religion, ethnicity, or sexual orientation, the act will give us a broader picture of hate crimes in our society.

On January 1, 1991, the Federal Bureau of Investigation officially began to implement the act. I was pleased to hear from Attorney General Barr, during his November 1991 confirmation hearings before the Senate Judiciary Committee, that the Department of Justice hopes to release its first preliminary report on the collected statistics some time soon. I urge the FBI to continue its good work and look forward to their results.

In closing, I again want to commend the ADL for its outstanding work. Not only does their data collection help to educate others, but working with communities, the ADL has helped to develop preventive measures. Hopefully, their educational efforts and their work with communities will aid in eliminating acts of hate crime violence.

I ask that the Anti-Defamation League's audit be printed in the RECORD.

The audit follows:

1991 AUDIT OF ANTI SEMITIC INCIDENTS

FOREWORD: THE SHOCK OF 1991: AN ANTI-SEMITIC RIOT

In 1991, for the first time in recent memory, a mob's cries of "Kill the Jew" echoed on an American street. The awful threat embodied in those words was soon realized: Yankel Rosenbaum, a 29-year-old Jewish scholar, was stabbed by a group of young rioters during unrest in Brooklyn's Crown Heights on the night of August 19, following the tragic accidental death of a black child in an automobile mishap. Rosenbaum died later in a local hospital.

The Crown Heights outburst, with its dozens of assaults and acts of vandalism, was the most dramatic and disturbing eruption of anti-Semitic violence in America in many years. These attacks were among the most noteworthy of the anti-Semitic incidents reported to ADL during 1991—the fifth straight year of increased anti-Jewish acts nationwide.

INTRODUCTION

There were 1,879 anti-Semitic incidents reported to the Anti-Defamation League during 1991. Reports from 42 states, the District of Columbia and the Virgin Islands resulted in the highest overall total of incidents ever recorded in the thirteen year history of the annual audit.

The 1991 total surpasses last year's 1,685 such incidents by more than 11%. The 1,879 incidents include a small but still troubling rise in 1990's total in the vandalism category—929 in 1991 from 927 in 1990, the 2nd highest number yet recorded. But in addition, the category of anti-Semitic harassment, threats, and assaults soared to the highest level ever reported. There were 950 such incidents in 1991—a 25% increase over the 758 noted in those categories in 1990. For the first time in the history of the ADL Audit, these more personalized incidents—in which Jewish individuals were menaced by mail or phone threats, verbal abuse or physical attack—surpassed the total of incidents in the vandalism category.

The most disturbing area of increase occurred in the category of assault against Jewish individuals. In 1991 there were 60 reported cases of physical attack, including one murder: that of a young Jewish scholar in Brooklyn's Crown Heights—a heinous act that could well be called the first lynching of a Jew in the United States since that of Leo Frank in 1915.

The past year also saw the greatest number of serious crimes yet reported. There were 49 vandalism episodes of arson, bombing and cemetery desecration, a 29% jump over the previous high of 38 noted in both 1990 and 1989.

Anti-Jewish incidents on U.S. college campuses rose again to their highest levels ever, continuing an alarming trend that has been manifest for the last four years. Acts of politically related anti-Semitism—coming largely during Operation Desert Storm in January and February—also multiplied.

On a positive note, Skinhead-related anti-Semitic incidents are down significantly, although still of concern. Effective law enforcement action at the federal, state and local levels against violent neo-Nazi Skinhead activity has sent a firm and clear message to such gangs that their criminal behavior will not be tolerated.

Serious crimes of vandalism

In 1991 there were 12 incidents of arson, 8 of attempted arson, 6 bombings, one attempted bombing and 22 cemetery desecrations—a combined total of 49 particularly serious vandalism incidents—representing the highest total ever reported in this sub-category.

In the first months of 1991 there was a rash of arson events in California which were directed at Jewish institutions. A Thousand Oaks synagogue was targeted three times and a nearby Ventura synagogue reported four attempted-arson attacks during the same period. In January, a North Hollywood synagogue had been fire-bombed and further north a fire was set at a San Francisco synagogue after a failed attempted arson ten days earlier.

In Brooklyn, New York, two Yeshivas suffered extensive damage as a result of arson attacks, one in May and another in July.

Arsonists also targeted Jewish-owned private property in 1991. In Knoxville, TN, a Jewish-owned business was set afire. A local Skinhead gang is believed to be responsible for that crime and other related vandalism directed at the owner and his property. In New Jersey, arson was reported at a Jewish-owned home in Haddonfield, in August. In November, in Jupiter, FL, the lawn of a Jewish homeowner was torched. In December, on Oak Park, Michigan the shrubs of a rabbi's home were set on fire; in July, in Holmesburg, PA, two acts of attempted arson were reported at the commercial property of a Jewish individual.

Bombing incidents were reported in four states during 1991. In Boca Raton, FL, a smoke bomb was thrown at congregants as they entered a synagogue. During the services shots were fired through the window. Two separate bombings of Jewish-owned automobiles were reported in Philadelphia, PA, on the same day in January. Both vehicles had Jewish religious articles displayed on their dashboards. Also in January, in San Francisco, a Jewish senior citizens home was bombed. In Beverly Hills, in June, a device with "explosive capability" was found in a public playground along with anti-Semitic leaflets. It was disarmed. In Colorado, in June, a Jewish homeowner reported that twice her property was bombed.

During 1991, a total of 22 cemetery desecrations were reported. There were four each in New York, Louisiana and Mississippi. There were three in New Jersey, two in Colorado and Massachusetts and one each in Maryland, Ohio and Minnesota.

Harassment, threats and assault

In 1991 there were 950 incidents of harassment, threat and assault directed at Jewish individuals and their institutions. It is the first time in the history of the annual Audit that the total in this category surpasses that of the vandalism incidents. While all incident totals have been arising steadily since 1986, harassment, threats and assaults have leapt dramatically in the last four years. From 1987 to 1988 a 41-percent increase was reported, followed by a 28-percent increase in 1989, and then a 29-percent increase in 1990. The 1991 increase is 25-percent. Thus, in the last 5 years all such incidents nearly tripled (193-percent).

The most disturbing aspect of this year's record totals are the unprecedented reports of physical assaults perpetrated against Jewish individuals. There have been sixty such incidents including one murder—during the Crown Heights outburst—which in turn triggered at least two dozen other reported assaults during the tense days which followed that event. Between 1979 and 1989 the yearly total of anti-Semitic assaults averaged just over twenty. In 1990 the total rose to 30. In 1991 that figure doubled.

The murder of Yankel Rosenbaum by a mob in Crown Heights was by far the most serious act of anti-Semitic assault in 1991.

Another significant development: In what is probably the most notable damage award ever in an anti-Semitic harassment case, a Chicago (IL) jury on March 27, 1991 returned a $1.8 million verdict against a Chicago woman and her adult son in a lawsuit arising out of their harassment of their next door neighbor, a Jewish woman, and her family. This is the largest known judgment to date in a lawsuit brought under Illinois' Ethnic Intimidation Statute (now called Hate Crime Statute).

The lawsuit against Lucille Olsen and her adult son, Neil Olsen, alleged that the Olsens had conducted a campaign of harassment against Sherry Del Dotto, her husband Larry Del Dotto, and their daughter. The Olsens' conduct included repeated anti-Jewish statements, white supremacists slogans, threats of physical violence, and a pattern of harassing conduct which occurred during 1984 and 1985 when the Del Dottos and Olsens were next door neighbors.

Sherry Del Dotto sought the assistance of the Anti-Defamation League in 1985. Suit was filed in August, 1985 and the Del Dottos were granted injunctive relief, designed to prevent further acts of harassment. The case came to trial on March 20, 1991 on issues of liability and damages. After a six-day trial the jury returned verdicts totalling $1.8 million against the Olsens.

What accounts for the surge in reported incidents of anti-Semitic harassment, threat and assault?

ADL has noted with deep concern the erosion of longstanding barriers against the expression of anti-Semitism. In the worlds of politics, culture, and education Jew-baiting, anti-Semitic scapegoating and conspiracy accusations have become not only more common, but more casually tolerated and rationalized. Such ideas, and the words that express them, have consequences.

The vastly increased level of harassment and assault incidents in recent years, including 1991, may signal a change in the tactics of many individuals wishing to express anti-Jewish hostility. It would appear that there is a new willingness by those inclined toward anti-Semitism to engage in direct, provocative confrontation with Jews, a kind of "in-your-face" intimidation, reflective of that erosion of the taboo against such open bigotry.

Many observers have noted a decline in civility in American life, a coarsening of both public and private discourse, with a corresponding rise in many people's willingness to employ and tolerate ethnic slurs, stereotyped insults and other forms of hateful speech. It is difficult, if not impossible, to measure this perceived phenomenon, but nowhere is it reflected more clearly or disturbingly than in the proliferation of bigotry and violence in the lyrics of some of the best-selling popular music of the day. Taboos have fallen—but are standards of taste and mutual respect, especially in those areas closest to today's youth, crumbling too?

Vandalism: Most active States

Despite a continued high level of anti-Semitic vandalism incidents nationally, several traditionally most-active states experienced slight decreases. For example, for the second straight year, New Jersey reported a modest decline. California, which saw a significant rise in 1990, also reported a small but welcome decline. And in Florida, which reported a slight drop in 1990, such episodes were down significantly. Maryland, which had risen sharply in the previous year, showed an encouraging decrease in 1991.

On the other hand, New York's total surged, after dropping in 1990, due largely to the Crown Heights outburst. Michigan also showed an increase after a 1990 decrease. And Massachusetts remained at its 1990 total, which was a slight drop from 1989.

The most active states were as follows: (see Appendix B for complete figures).

In 1991, New York led all states with 254 (up 68) reported vandalism incidents followed by California 124 (down 5) and New Jersey with 102 (down 5).

Next are Massachusetts with 68 (no change), Pennsylvania with 49 (up 5), Florida with 43 (down 22), Maryland with 41 (down 15), Illinois with 27 (down 6), Texas with 24

(up 19), Connecticut with 21 (up 5) followed by Michigan with 20 (up 4) and Colorado with 17 (down 18) and Ohio also with 17 (down 6).

In the next group, Georgia reported 14 (up 5), Louisiana 13 (up 8). Next were New Mexico with 11 (down 4), Virginia with 9 (down 6) followed by Minnesota with 8 (down 19) and Tennessee with 6 (up 2).

Nineteen remaining states each reported five or fewer incidents.

1991 vandalism: Geographic breakdowns

Ten Northeastern states plus the District of Columbia combined for a total of 549 incidents—59 percent of the national total. Last year there were 493 incidents reported in that region—53 percent. New York in 1991 had 254; followed by New Jersey, 102; Massachusetts, 68; Pennsylvania, 49; Maryland, 41; Connecticut, 21; New Hampshire 4; Maine and the District of Columbia each with 3, and two each in Delaware and Rhode Island.

In the West, seven states reported a total of 162 incidents—17 percent of the national total. California reported 124; Colorado, 17; New Mexico, 11; Washington, 4; Arizona, 3; Oregon, 2; and Utah 1.

In the South twelve states reported a total of 131 vandalism incidents—14 percent of the total. They are Florida, 43; Texas, 24; Georgia 14; Louisiana 13; Virginia, 9; Tennessee, 6; South Carolina, 5; Alabama, Mississippi and North Carolina each with 4; Arkansas, 3 and Kentucky 2. In addition, there was also one vandalism reported in St. Croix in the Virgin Islands.

Nine Mid-Western states accounted for 86 incidents—9 percent of the national total. Those states are: Illinois, 27; Michigan, 20; Ohio 17; Minnesota, 8; Wisconsin, 5; Missouri and Iowa each with 3; Indiana, 2; and Nebraska, 1.

Campus incidents

Anti-Semitic acts on American college campuses in 1991 remained at the disturbingly high level of 1990—though the dramatic trend of increase (72%) over the previous three years may have leveled off. There were 101 anti-Semitic incidents reported at 60 college campuses. Twenty-three of those campuses experienced more than one occurrence of anti-Semitic activity. In 1990 there were 95 incidents at 57 campuses with 11 experiencing multiple anti-Semitic episodes.

Recent ADL audits have reported on the increasing anti-Semitic incidents directed at individual Jewish students as well as places of Jewish activity on campus including Hillels, fraternity/sorority houses and dorms and offices of Jewish students and professors.

See Appendix D for a listing of 1991 Campus Incidents.

Among the many campus incidents of concern were the following:

On the campus of Cal State Northridge, in the Los Angeles area, a Sukkah erected by members of the Hillel Jewish Student Center was defaced with swastikas and anti-Semitic writing. (The Sukkah is a temporary ceremonial hut built to celebrate the Jewish harvest holiday of Sukkot.) The September 1991 incident was reported to the dean's office and to the campus police, as well as to the Anti-Defamation league and to the press. No suspects have been found.

Fifty-two mezuzas were stolen early Sunday morning, November 17, 1991, from the doorposts of dormitory rooms at Barnard College of Columbia University in New York City. The New York Police Department's bias unit and campus security office conducted an investigation. Barnard also stepped up security in the residence halls. However, the culprits have not been found.

In a positive outgrowth of the incident, many non-Jewish students at Barnard expressed solidarity with the victims of the vandalism. And the college president called a meeting to discuss student concerns about the theft, calling it "a very serious offense" and "an act of bias that is deeply disturbing."

And in one of the year's most unusual but distressing displays of prejudice, a group of student actors preparing for a dramatic production on the Holocaust became targets of anti-Semitic abuse. Judy Yordon, a professor of theater at Indiana's Ball State University, instructed the mostly non-Jewish cast of The Ghetto to wear yellow Stars of David to better understand the stigma Jews experienced under the Nazi regime. This exercise in sensitivity, however, provoked unexpected hostility toward the students.

Cast Member Matthew Socey wrote in the Ball State Daily News that while waiting at a bus stop, he saw a man roll down his car window to yell, "* * * Kike" at him. Other cast members attested that they had received neo-Nazi and Holocaust-denial literature. English instructor John Pea experienced the most dangerous response to the yellow star when, according to Socey, a driver motioned for him to cross the street, then gunned his car forward. (Mr. Pea apparently escaped injury.) African-American student actress Debbie Thomas encountered one student who pointedly refused to participate in a required class dialogue with her because of the star. "I've never experienced racism that was so blatant as that," Thomas said.

Although these displays of prejudice and contempt revealed a latent anti-Semitism, the community's response was overwhelmingly favorable toward the actors and the production itself. Over 2,000 people including a group of Holocaust survivors attended five sold-out performances of the play. Ball State Professor Susan Weintrob also affirmed that events surrounding the performance had sensitized the public at large to the persistence of anti-Semitism.

A troubling atmosphere on campus

In addition to the many acts of vandalism and other overt instances of campus anti-Semitism recorded in the ADL Audit, other developments—subtler but ominous—have contributed to a sense of unease and concern for Jewish students at many American institutions of higher learning.

Holocaust Denial on the Campus: Re-Cycling the Big Lie

Increasingly over the past few years, certain extremist activists and "intellectuals" have sought to exploit the academic tradition of open inquiry to promote their agendas of bigotry, intimidation, and historical distortion. For the Jewish community, no issue on college campuses is more sensitive in this regard than "Holocaust revisionism"—the doctrine which denies the facts of the Holocaust and contends that the Nazi genocide was a Zionist fabrication used to gain sympathy for Jewish causes.

Recent activity by advocates of this myth has contributed to an atmosphere in which students who defend the veracity of the Holocaust are accused of censoring thought and debate. In fact, Holocaust "revisionism" corrupts free inquiry by masking a deeper ideology of anti-Semitism.

Holocaust denial still has virtually no foothold in established university circles. Although a Northwestern University engineering and computer science professor, Dr. Arthur R. Butz, is the author of an early "revisionist" book titled *The Hoax of the Twentieth Century*, most of this literature is produced by individuals with questionable academic credentials and no qualification in history whatsoever. Yet, efforts to promote this lie have intensified.

For example, the most prominent recent distributor of the materials is Bradley R. Smith. He has edited the newsletter of the Institute for Historical Review, which is closely tied to the best-financed and most active anti-Semitic propaganda organization in the country, Liberty Lobby. Smith has been promoting Holocaust "revisionism" on college campuses by taking out full-page advertisements on the subject in student newspapers.

These ads state that Jews were merely confined by the Nazis to special work camps because of their influential role "behind international communism." Disputing the figure of 6 million deaths, these ads claim that typhus was the principal cause of death among camp inmates, and that gas chambers were "life-saving" fumigation chambers to delouse clothing and prevent disease. Although many campus newspapers, including those at Harvard, Brown, Yale, the University of Texas at Austin, the University of California at Berkeley, the University of Pennsylvania, and the off-campus, conservative *Dartmouth Review*, have refused to print the ad, others—including those at Duke and the University of Michigan have felt compelled to publish it in the interests of free speech. The Duke history department issued a statement urging recognition of the difference between interpreting history and denying it altogether.

In fact, the constitutional right of extremists to express offensive propaganda places college newspapers under no obligation to accept such ads. As one editor who rejected the Smith ad, Steven M. Markowitz of the University of California at Berkeley, told *The New York Times*, his paper's editorial policy forbade "racist, sexist or violence-inciting advertisements." Moreover, advertisements which dispute historically documented facts undermine the journalistic obligation to the truth—one of the values free speech is supposed to protect. Will ads be published which deny the internment of Japanese Americans, the enslavement of Blacks, or the Stalinist gulag? For now, it is only the fact of the Jews' mass murder that is being placed in the deceptive context of "open debate."

Taking Holocaust-denial onto college campuses is consistent with other efforts to mainstream the hate movement. Having failed to influence American society through violence and intimidation, right-wing extremists now further their agendas by distorting legitimate concerns into vehicles for bigotry, and mask their anti-Semitism through the code words "revisionism" and "historical review."

Given the horrifying legacy of bigotry, there is an additional grim irony in that Holocaust "revisionism" is being expressed by some radical figures on campus. Typically, these activists have masked Holocaust-denial rhetoric as part of a critique of Zionism, as one of member of the Islamic Movement of North America demonstrated: "The triangle of power finds the Americans at the top, but they're controlled by the Zionists below. The Americans do not control their own society. . . . There is no bigger terrorist nation in the world than the United States of America. They make Nazi Germany's terror look like nothing." Perhaps even more outrageous is the accusation offered by the anti-Semitic Pan-African revolutionary Kwame

Ture (who has told campus audiences that "the only good Zionist is a dead Zionist") in a 1990 speech at the University of Minnesota: ". . . the Zionists joined with the Nazis in murdering Jews, so they would flee to Palestine."

Campus Anti-Semitism/Anti-Zionism: "Political Correctness"

Today, in addition to traditional bigotry, Jewish students bear the brunt of highly-organized anti-Zionist campaigns, reflecting a discomforting reality: being pro-Israel, it seems, is not politically correct.

Jewish students face a double challenge not encountered by most other campus minorities. First, as this Audit illustrates, they experience traditional anti-Semitism. But the combination of domestic anti-Semitism and international anti-Zionism can result in unrelenting tension for Jewish students, faculty and administrators.

At some campuses, absurd and offensive distortions of the concepts of "diversity" and "multi-culturalism" have left Jewish students feeling vulnerable and isolated.

A typical illustration: At the University of Washington at Seattle, a proposed compulsory requirement for Humanities and Social Science credits included Ethnic Studies courses. But various arguments were advanced within a student-faculty task force opposing the appropriateness of including Jews as a minority worthy of such study. This, despite the obvious minority status of America Jews and the long history of that virulent form of racism called anti-Semitism.

In short, it seems that many advocates of the laudable concepts of curriculum diversity and multicultural sensitivity do not recognize anti-Semitism as a form of racism.

An unfortunate corollary is the tendency toward rationalizing the prejudices of "people of color," by claiming that racism is defined by the exercise of power over others; since, the slippery logic goes, racial minorities are not "empowered," they are simply not capable of being racist. Thus, anti-Semitism is excused, or even justified.

So, while Jews have excelled in academe and are fully accepted as students, faculty and administrators, at the same time the misuse of "political correctness" by some campus groups often delegitimizes Jewish values and concerns.

Anti-Zionist sentiment in the form of extreme and uninformed hostility to Israel and its supporters has caused consternation for Jewish students on many campuses. During last year's Persian Gulf War, anti-war sentiment was often mixed with anti-Zionist rhetoric. Moreover, some radicals within Black or Arab student groups have expressed anti-Semitism in the guise of anti-Zionism. A blatant example was a January 1991 editorial titled "What Is Zionism?" in the student newspaper at Morehouse College in Atlanta. The editorial stated in part:

"Zionism is a well organized and financed international conspiracy which controls the economic and political life of the United States and Europe; using this strangle-hold to steal and colonize the land of Palestinian people. It utilizes terror and murder to achieve its goal * * *."

Anti-Semitism of Extremists and Demagogues on College Campuses

Stridently anti-Semitic speakers including Louis Farrakhan, Kwame Ture, rap music figure "Professor" Griff, and Professor Leonard Jeffries, have become popular with Black student unions around the country.

Openly anti-Semitic representatives of the Nation of Islam are also accorded warm campus receptions including Conrad Muhammad, who spoke at Emory University last year, and Dr. Khalid Abdul Muhammad, who addressed the Columbia Black Students Union at Columbia University in the fall of 1990. (Muhammad referred to Columbia as "Columbia Jewniversity" in "Jew York City.") Another anti-Semitic speaker making the rounds on campus was Abdul Alim Musa, a member of the Islamic Movement of North America. During his appearance at the University of Washington on May 23, 1991 which was co-sponsored by the Black Student Union and the Muslim Student Association, Musa stated that U.S. policy was "controlled by an influential Jewish community, determined to keep minorities repressed and powerless."

At Southern Connecticut State University in 1991, Griff devoted twenty minutes of his lecture to an anti-Semitic diatribe, including the accusation that Jewish doctors injected black babies with AIDS.

There have been other disturbing indications of anti-Semitism by campus black activists as well.

A conflict arose at UCLA in February of 1991 over an anti-Semitic article that was published in *Nommo*, the Black student newspaper. The article was a defense of the content and display of the notorious anti-Semitic tracts *The Protocols of the Learned Elders of Zion and The International Jew* at a local function in Los Angeles in October of 1990. The author of the article wrote approvingly that the *Protocols* "present information which some believe confirms the theory that so-called Jews have plotted to control the world economically." When a meeting was arranged between UCLA's Jewish Student Union (which has filed a grievance with the school's communications board) and the staff of *Nommo*, the two Jewish representatives of the Jewish Student Union were jeered and mocked by members of the *Nommo* staff and members of the African Student Union. *Nommo* refused to acknowledge that the article was anti-Semitic.

In May, 1991 *Nommo* published anti-Semitic remarks by Darlene Webb, one of its editors, and a letter to the editor that urged hatred toward Jews. Entertainment Editor Webb's farewell statement was specifically directed at the Jewish news magazine *Ha'Am* and its staff. "Silly rabbits," she wrote, "they think I don't like them because they're Jewish. That's ridiculous. I don't like the majority of them because they're typical cave-dwelling . . . white, zionist (sic) * * * *."

The case of Prof. Leonard Jeffries, chairman of the Black Studies Department of the City College of New York, presents another kind of campus concern: anti-Semitism and racism by a faculty member, rather than from student groups. In addition to his infamous off-campus speech in July 1991 which was laced with anti-Semitic conspiracy accusations, Jeffries has promoted in his classes a bizarre theory of Blacks' racial superiority based on their higher level of the skin pigment melanin. Thus, Jeffries and his supporters carry Afro-centrism to an absurd and perverse extreme.

These anti-Semitic developments illustrate the disturbing fact that many Black student leaders and representatives—in effect, a significant portion of the future leadership of the Black community—repeatedly invite and enthusiastically support speakers who are well-known for their Jew baiting. These student leaders thus offer a respectable platform for anti-Semitic prejudice and ignorance—while generating tension among Jewish students who feel that they are "under siege."

1991 skinhead incidents

Neo-Nazi gangs known as "Skinheads" continue to perpetrate anti-Semitic and other racist crimes in 1991. For the second year in a row the number of "Skinhead" anti-Semitic incidents has dropped. This year there were 62 such incidents reported in 16 states compared to 87 in 21 states the previous year. The high mark year for Skinhead incidents was 1989 when 116 were reported in 24 states.

Still the Skinheads' message of hate, their menacing posture and their violent nature are troubling to all concerned Americans: blacks, Jews, Hispanics, immigrant minorities and gays continue to be targeted by Skinhead-gang members for brutal assault, threats and vandalism.[1]

Of the 1991 Skinhead-related incidents, 36 were vandalism, including an arson of a Jewish-owned business, and 26 were either harassment or threats directed at Jewish individuals and their institutions.

Police in Pennsylvania and in Connecticut made arrests of four Skinheads in connection with two of the incidents.

Law enforcement authorities in areas where Skinheads visibility is most prominent believe that dozens of additional vandalism incidents—particularly at public urban sites—are most likely the work of Skinheads, but do not contain a specific identifiable Skinhead "signature" such as the name of a gang or certain symbols.

Arrests

During 1991 in 14 states there were 52 individuals arrested in connection with 41 of all reported incidents. Of those arrested, twenty-five—48%—were 21 years of age or older. It is the highest percentage ever noted for that age group. Only once, since 1979, did the percentage for that age group exceed 20% (22% in 1987).

In 1990 110 individuals were reported arrested in 17 states in connection with 59 incidents.

A look at some noteworthy incidents

The following examples illustrate the considerable new coverage, community response and ADL counteraction which stemmed from several anti-Semitic incidents in 1991:

Brooklyn, NY

A hateful rampage engulfed the Lubavitch Hasidic community of Crown Heights in Brooklyn in August. It was the most dramatic and disturbing anti-Semitic outburst seen in the United States in many years. Tragically, it included the murder of a 29-year-old Orthodox Jewish scholar from Australia, Yankel Rosenbaum, who was attacked by a mob of young blacks shouting "Kill the Jew."

Following an accident on August 19 in which a car in the Lubavitch grand rabbi's entourage jumped the curb and slammed into two children, killing one, Gavin Cato, and critically injuring the other, his cousin Angela Cato, many young blacks surged through the streets over the next three days chanting "Arrest the Jews" and "Heil Hitler" attacking Hasidic Jews, smashing property and burning cars. Yankel Rosenbaum was walking along a street when the mob attacked him. Several demagogic speakers added to the hateful atmosphere, feeding the emotional flames with anti-Semitic scapegoating and rumors. New York City Mayor David Dinkins described the killing as a racial murder and a "lynching." One of

[1] See also ADL Special Report, "Neo-Nazi Skinheads: A 1990 Status Report," and other ADL materials on this subject.

Rosenbaum's attackers was arrested and charged with murder.

The Crown Heights Emergency Committee is an ad hoc group formed in the first days of the disorders in the Brooklyn community. It includes representatives of all major institutions of the community—i.e., schools, synagogues, service agencies, and representatives of the Jewish Community Council as well as local residents.

The following is a representative sampling of the more than 100 incidents of personal assault, harassment and property damage report to the Emergency Committee during the 3 day period of rioting August 19-21, 1991. It should be noted that the additional incidents took place sporadically over many weeks following the initial disturbances. In addition, many of these incidents were not reported to the New York Police Department for a variety of reasons—among them the fact that many of the victims were fearful of leaving their homes during a sustained period of serious violence.

Also, many incidents involving anti-Semitic expression may not have involved criminal activity, so that such incidents were not officially recorded as bias-related crimes.

During the August rioting, a total of 23 Jewish individuals suffered some serious bodily injury.

Two men received serious slash wounds, requiring stitches, caused by thrown bottles;

Another man beaten by a crowd of youths suffered a broken collarbone and a concussion;

A child, burned in a street fire, was hospitalized for his injuries and remains in treatment for psychological trauma;

Another individual was pulled from his car and beaten, another car was surrounded by a mob which smashed the windshield with a concrete block, injuring one passenger.

Another individual was severely slashed in the face with a broken bottle, requiring reconstructive surgery.

Among the property damage claims recorded by the Crown Heights Emergency Committee were the following:

On two occasions, bullets have been fired into a local synagogue;

Virtually every Jewish home on President Street in Crown Heights, as well as a synagogue there, suffered many broken windows.

Numerous car windows were smashed, and several cars were burned and destroyed. A van belonging to a Yeshiva was burned, and its windows broken. Several cars were defaced with swastikas.

Several new, as yet unoccupied, condominium buildings suffered arson damage estimated at over $60,000.

A swastika was painted on the door of a Jewish family's apartment. Beyond these overt acts of violence, the Crown Heights Jewish community suffered harassment in the form of a sign set up on a street corner reading "The Jew Is The Devil," and a nearby loudspeaker broadcasting viciously anti-Semitic speeches for several days and nights running.

Finally, amid this chaotic and violent atmosphere, a Jewish resident of Crown Heights named Brocha Estrin, a Holocaust survivor from Russia, jumped to her death from her third floor apartment on President Street. According to a leader of the Crown Heights Jewish community, her suicide "was a direct result of fear placed on her by strangers outside of the community using Nazi tactics."

Los Angeles, CA

One firebombing, four arsons and four attempted arsons at three different synagogues in the Los Angeles area angered and frightened Jewish residents. The arsons occurred between January and April.

The January arson caused $250,000 in damage to the synagogue and charred every room except one. ADL participated in a press conference held by the rabbi and issued a statement condemning the act. Additionally, the Los Angeles office along with the Jewish federation cosponsored a conference on Security for Religious Institutions. The Los Angeles City Council and the County Board of supervisors offered rewards totalling $35,000 for the arrest of those responsible for the firebombing. A rally was held outside the burned-out synagogue attended by 200 Christians and Jews from throughout Southern California to denounce hate. One Christian minister said: "If you touch one synagogue, you touch every Christian church in America." The local media covered the arson, the press conference, the security conference and the rally.

As noted, this arson was followed by a series of arsons and attempted arson in other areas of Los Angeles. ADL had held another security conference in Ventura County just prior to an arson there, which gave the temple administrators the necessary tools for dealing with vandalism and for handling the media. Also ADL contacted all the local synagogues and alerted them to possible copycat incidents, and the local police to increase patrols at all local synagogues. The arsons and attempted arson were also covered fully by the media. In late April, authorities apprehended someone they suspected of involvement in at least some of the arsons.

Boca Raton, FL

Between the 15th of May and the end of July, Orthodox Jewish congregants of two Boca Raton synagogues were the victims of vandalism, smoke bombs, drive-by shootings, BB gun shootings, verbal assaults and harassment.

ADL worked with local police to get them to respond and to take the incidents seriously and to be aware of and sensitive to the anti-Semitism. ADL consulted with the rabbis and synagogue leadership and security guards were employed. ADL also was able to get regular security patrols by the police and the private Boca Del Mar Development security increased for the protection of the rabbis and congregants. Several of the incidents were covered in the local press.

Dayton, OH

In November, two synagogues in Dayton were desecrated with spray-painted swastikas and the word "Jude" on the steps of one of the synagogues. Community and religious leaders including representatives from the Muslim community united in support of the Jewish community to denounce the desecrations which occurred on the 53rd anniversary of Kristallnacht. ADL was at the press conference and in contact with the Dayton police to offer assistance. Additionally ADL and the Jewish Federation posted a $1,000 reward for the arrest and conviction of those responsible for the vandalism.

The local media covered the vandalism and the press conference. The Greater Dayton Christian Council offered to help defray the expenses of cleaning up the synagogues on behalf of the Christian community.

Knoxville, TN

A group of Skinheads harassed and threatened, as well as physically attacked, a local store, its employees and its Jewish owner. Anti-Semitic materials have appeared on a bulletin board in the store, a rock has been hurled through the store window with a note—embellished with a swastika—that said "Don't let Jew bastards run the country," anti-Semitic graffiti was painted on the store's front door and a molotov cocktail was thrown which burned the store's carpet and caused other minor damage.

ADL worked with both the police and store's owner providing information on local Skinheads, urging protection for the store and its owner, and also helping the victim to deal with the effects of these hate crimes. Following the arson, the incidents ceased.

Johnson, VT

In the spring of 1991 ADL was informed that an official at Johnson State College in Vermont was made the target of an ongoing campaign of anti-Semitic harassment which included threats and letter of intimidation over a six month period. This official had fired someone for using anti-Semitic epithets against a Jewish woman an campus and for pushing her against a wall. Someone who had read about the ongoing anti-Semitic campaign against the college dean called ADL.

Over the ensuing months, the ADL office was in touch with a Vermont state representative, the Chancellor of the entire Vermont state college system as well as the president of Johnson State College to stop the harassment against the dean and to get anti-prejudice program up and running on all the Vermont campuses.

Unfortunately the perpetrator(s) were never apprehended; the victim left the Johnson State campus to pursue a Ph.D. Through the efforts of the Chancellor, ADL has been invited to address the presidents of all the Vermont state colleges/universities on responses to hate crimes, training police to properly investigate and pursue perpetrators on campuses, and the status of racism and anti-Semitism on American campuses today. ADL has also shared information about our Campus of Difference program with the Chancellor, as well.

A resurgence of politically related incidents

There were 52 anti-Semitic incidents linked by their perpetrators to the Persian Gulf war committed in 14 states across the country from the start of Operation Desert Storm on January 16 through February 14. Another 28 such incidents were reported over the next few months, for a total of 80. Hate mailings and threats included swastikas and statements such as "Death to Jews," "All Jews will burn and die in hell," and "Keep checking for those letter bombs."

At least 20 Jewish institutions received phone and/or mail threats. One California country club frequented by Jews received a phone threat that said: "Kill Every Jew . . . On Behalf of Iraqi people."

Seven cars on a Pennsylvania street were painted with the words: "Death to Israel" and "Saddam Rules." Another incident at Rutgers University in New Jersey showed a missile aimed at a Jewish star with the statement, "Now Jews should die."

One Jewish-owned business in New Jersey received the following phone threat: "Jew Bastard . . . I hope Hussein burns Israel." These incidents represented a continuation of the pattern of Persian Gulf-related anti-Semitic incidents that began soon after the Iraqi invasion of Kuwait in August 1990. ADL noted 25 such episodes in the second half of 1990, as the crisis heated up.

It should be noted that such politically related acts of anti-Jewish animus cannot be considered mere expressions of political criticism. Rather, the violence and bigotry of

the incidents cited place them beyond the bounds of legitimate debate. And while the Gulf crisis may be over, the danger of renewed political anti-Semitism in a presidential election year overcast with economic dark clouds will require continuing vigilance.

CONCLUSION

ADL's 1991 Audit findings represent the fifth consecutive year of significant increases in reported anti-Jewish acts. In the vandalism category (where the 1991 total was slightly ahead of that of 1990) the last five years have seen a jump of over one third. Acts of assault, threat and harassment (which soared by 25 percent in 1991) over the same period have increased by nearly 200 percent.

One of the major factors noted in recent years showed continued signs of increase in 1991—the rise of anti-Jewish incidents reported on college campuses. While the rate of increase slowed in 1991, these acts have doubled over the past 4 years. At the same time, another important factor again declined—namely, anti-Semitic acts by neo-Nazi Skinheads. To be sure, the violent crimes of such gangs remain a matter of serious concern; law enforcement agencies, both local and federal, have paid greater attention to this problem in recent years.

In 1991, the most serious forms of anti-Semitic vandalism—bombings, arson, and cemetery desecrations—continued to rise even beyond the high level of 1990. Such serious types of violence had also risen sharply in 1988 and 1989.

In addition, 1991 saw a significant rise in direct assaults against Jews; the year's total of 60 doubled that of 1990.

Another factor that had virtually disappeared in 1989 after leaping to prominence in 1988—i.e., anti-Semitic acts linked by their perpetrators to events in the Middle East—again came to wide attention in 1990. Then, in 1991, the Persian Gulf War brought with it a significant number of anti-Semitic acts, largely in the form of hate mail to Jewish organizations, blaming them and the Jewish community for the war or making other hostile statements. Such politically-related anti-Semitism calls for especially intensive monitoring—especially in the election year of 1992, with some candidates ready to scapegoat the Jewish community or engage in Israel-bashing.

Many observers have noted the possible correlation between, on the one hand, a perceived decline in civility, a coarsening of public expression and popular culture, in American society and, on the other, the dramatic rise in bias crime, particularly in the area of personal harassment, which the 1991 Audit figures reflect. This, combined with the pressure associated with a deteriorating American economy during the past year, may well have contributed to the new record-setting levels of anti-Jewish acts.

Yet numbers in themselves cannot tell the whole story. It should be remembered that behind each of the incidents noted here is an individual victim, a family, a community, targeted for intimidation—indeed, a form of terrorism. The lasting pain of scars, emotional as well as physical, inflicted by crimes of hate must not be underestimated.

The nationwide increase in anti-Semitic acts demands an ever more forceful response through those means available to official authorities and community leaders in a democratic society: firm enforcement of appropriate laws, regular and creative educational programming against prejudice, and enhanced public awareness of the nature and dimension of the hate crime phenomenon. ADL's active monitoring efforts, its "A World of Difference" project and its other counteraction and educational programs—including the publication of this Audit report—are geared toward those goals.

Despite the year's troubling statistics, the overall picture retains some positive features. Forty-six states and the District of Columbia now have statutes dealing with hate crimes, many patterned after ADL model legislation. Numerous states and localities are working to improve communication between community groups and law enforcement authorities, while such officials, increasingly sensitized, are developing better reporting and investigative procedures on bias crimes. The new federal Hate Crime Statistics Act has begun operation. Today, public officials, educational administrators and community leaders are responding more frequently to hate-motivated incidents with sympathy and solidarity toward victims, and a determination to reject and overcome the affront to decency and threat to pluralism presented by acts of gross or violent prejudice.

ADL's Counteraction Program: I

ADL has developed and supported a combination of preventive and counteraction measures over the past twelve years to enable the Jewish and other communities to protect themselves against vandalism and other forms of bias crimes, and to respond effectively should they occur. Major elements of this broad-ranging program are detailed here.

Conferences on Security and Bias Crime

In cooperation with law enforcement authorities, educational and other religious and ethnic organizations, ADL offices on both the local and national levels have carried out programs of public education, emphasizing the need for effective security at houses of worship and other community-based institutions.

In November, ADL in cooperation with the League for Human Rights of B'nai B'rith in Canada, convened the first comprehensive "Conference on Anti-Semitism Around the World." It brought together scholars, journalists, religious and community leaders from the U.S., Canada, Israel, South America, the U.S.S.R., Germany, Poland, and Romania to assess the phenomenon of anti-Semitism in a rapidly changing world. The diverse reports and discussions illustrated that there are common anti-semitic threads as well as distinctive differences in countries around the world.

Following Abraham H. Foxman's keynote address, the conferences heard assessments from columnist Richard Cohen (Washington Post) and Professor Julius Lester (University of Massachusetts, Amherst) on anti-Semitism among Black Americans, its root causes, manifestations and ways of dealing with the problem. Research scholars Gary Tobin (Brandeis University) and Leonard Dinnerstein (University of Arizona) addressed the issues, of how to define and analyze attitudes of the public toward Jews; the special characteristics of anti-Semitism in Canada were examined; a number of scholars led by Rumanian Chief Rabbi Moshe Rosen discussed anti-Semitism in a post-communist Eastern Europe and Soviet Union; and former New York Mayor Edward I. Koch presented the closing speech, "Fighting Anti-Semitism: Where Do We Go From Here." Koch urged that anti-Semites be publicly identified and that "good people everywhere must join the battle to make anti-Semitism unacceptable."

Around the U.S. throughout 1991, ADL-sponsored security and bias-crime conferences on anti-Semitism, security, hate crimes training and extremists have brought together all community elements—institutional leaders, clergy, educators, parents and law enforcement officials—to discuss bias-oriented attacks, and to grapple with the how-to's of stronger security measures. The conferences have also focused on the very difficult questions having to do with the whys of anti-Semitism and racism. ADL—both regionally and nationally—participated in various grass roots anti-bias activities such as the Northwest Coalition against Malicious Harassment, Inc. and the Stockton (New Jersey) State College Human Relations Coalition.

During 1991, ADL regional offices have organized, co-sponsored or participated in more than 40 such meetings, covering the following states: Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Maine (Maine saw its first-ever hate crimes conference held in Portland during May), Massachusetts, Michigan, Minnesota, New York, New Jersey, Ohio, Pennsylvania, Texas and Washington, D.C.

In addition to involvement in these security conferences, ADL staff members have been invited to brief law enforcement officials, at the local, state and federal levels on hate groups, bias crime legislation and other security-related topics throughout the year. For example, ADL's Charles Wittenstein (Southern civil rights coordinator) made a presentation on hate groups and hate crimes at the National Organization of Black Law Enforcement Executives (NOBLE) Georgia chapter meeting. Jodi Goodman (Houston regional office), along with ADL lay leaders made six presentations on hate crimes and who commits them, what the officers' roles are and what the laws are to six police cadet seminars during the year for the Houston police department. Dick Lobenthal (Detroit regional office) lectured the Midwest Gang Investigators Association annual conference on extremist groups.

By coordinating police and local institutional leadership, ADL seminars, conferences and training have established greater community awareness of practical bias-crime prevention measures, stronger support among cooperating agencies and heightened sensitivity by public officials for the citizens they serve. They have also helped community members to understand how important it is to report bias crimes whenever they occur.

Hate Crimes Statistics Act

As part of its overall hate crime countaction effort, ADL has played a leading role in the implementation of the federal Hate Crime Statistics Act. Under the Act, signed into law in April, 1990, the Department of Justice is required to collect data on crimes which "manifest prejudice based on race, religion, sexual orientation, or ethnicity." The Act also requires the Attorney General to publish an annual summary of the findings.

In the year since the data collection mandate was given to the FBI and its Uniform Crime Reporting Section, considerable progress has been made toward effective national implementation of the Act. Working closely with UCR professionals, ADL provided input and expertise. The FBI developed implementing guidelines and a training manual on the Act, documents which have not been distributed to over 16,000 law enforcement agencies around the country.

In early April, ADL represented other human relations organizations which had

helped to shape the Bureau's HCSA outreach and education efforts at a press conference announcing the FBI's implementation program. In the Fall, the Bureau began a series of training seminars for state and local law enforcement officials. As we go to print, the FBI has trained over 1000 representatives from law enforcement agencies in almost all of the 315 cities and counties in the U.S. with a population of more than 100,000. ADL resources on hate groups and hate crimes are referred to in the FBI training materials and the League's 17-minute police training video—produced in cooperation with the New Jersey Department of Law and Public Safety—has been highlighted at many of the FBI seminars and at other law enforcement conferences.

Training sessions have featured presentations on the utility of the data from law enforcement officers from areas where hate crime data already are being collected, discussions on the nature of prejudice and the special impact of bias-motivated criminal activity, as well as appearances by human relations groups, including ADL, to describe their expertise in analyzing and responding to hate crime.

In addition to the FBI conferences, in the past year ADL professionals have participated in panel discussion on hate crimes at a number of meetings of national law enforcement groups, including those sponsored by the International Association of Chiefs of Police, the National Sheriffs Association, the National Association of Black Law Enforcement Executives, the Justice Research and Statistics Association, the Police Executive Research Forum, the International Association of Directors of Law Enforcement Standards and Training, and the Federal Law Enforcement Training Center.

ADL hate-crime police-training video

The accuracy and uniformity of bias-crime data collected will only be as good as the "reporters." Thus, effective training for police officials on how to identify, report, and respond to hate crimes will be critical to ensure the success of the important new initiative represented by HCSA.

To help meet this need, ADL has produced a new law enforcement training film on hate crimes, in association with the New Jersey Department of Law and Public Safety. This seventeen-minute video is designed to be shown at police training academies and to individual law enforcement agencies across the country.

The film portrays actual incidents of criminal activity motivated by prejudice. It dramatically illustrates the impact of this type of crime on the victim and the victim's community. Most importantly, the film concisely outlines appropriate law enforcement response—by showing how to identify hate crimes and how to deal with the victim's trauma, and by underlining the importance of treating the criminal action seriously. The film has been endorsed by the International Association of Chiefs of Police, the National Organization of Black Law Enforcement Executives, the Fraternal Order of Police, and the Police Foundation. Former Attorney General Richard Thornburgh wrote the Foreword for the twenty-four page discussion manual for trainers that accompanies the film.

Security handbook

In 1991 ADL published a convenient pocket size security pamphlet which was based on its 1986 practical counteraction tool: *Security For Community Institutions*. Both the pamphlet and the handbook (first issued in 1984) continue to be widely distributed across the United States. They aim at preventing—and coping with—destructive violence against persons and property, particularly that motivated by religious or racial prejudice. Prepared in cooperation with the Crime Prevention Section of the New York City Policy Department, the handbook and the new pamphlet are based on ADL's experience in monitoring and countering anti-Jewish vandalism and other crimes directed at Jews and Jewish-owned property. They reflect the knowledge gained by the League in working closely with law enforcement agencies and in co-sponsoring security conferences and workshops. The ADL security handbook has received endorsement from local and federal law enforcement officials.

Both the handbook and the security pamphlet detail security measures and procedures for community institutions; suggest proper reaction when incidents occur; provide information on security programs carried out by the New York City Police Department's Crime Prevention Section and its Bias Incident Investigating Unit. The handbook provides additional material such as a model form for reporting incidents to local police departments, as well as the text of model state statute developed by ADL as a tool to assist law enforcement agencies in dealing with the problem of vandalism against religious and ethnic institutions. Both the pamphlet and the security handbook have been shared with churches, ethnic organizations other community groups which are also vulnerable to bias crimes.

Education

The Campus and the Workplace

In 1989, ADL announced the creation of the Mildred and Samuel Levine Institute for College Campus Affairs Programming to combat bias incidents and expressions of all forms of prejudice on campuses. The Institute's first event that November was a national conference on campus prejudice held at the University of Pennsylvania. And the Institute published "Combatting Bigotry on Campus: The Problem and Strategies for Counteraction," a report distributed during the conference. The Institute followed up by also publishing the conference's proceedings.

During 1991 the Mildred and Samuel Levine Institute sponsored a National Teleconference for Jewish students on the Persian Gulf War in February, and an October 1991 conference in Los Angeles called Dealing with Diversity on Campus: Tools for Jewish Students.

During 1990, ADL expanded its efforts against prejudice by adding two new programs: "A Campus of Difference" and "A Workplace of Difference." Both projects are modeled after ADL's seven-year-old educational and media program, "A World of Difference," which trains educators in K-12 in 25 regions across America to combat prejudice by increasing students' awareness of cultural and ethnic diversity and helping them learn to value it. When corporate and academic communities wanted information and guidance in dealing with growing racial, religious and ethnic tensions they were experiencing, ADL created the new programs to respond to those needs.

"A Campus of Difference" has been offered at over 45 campuses across the country including Columbia, NYU Law School, Mt. St. Vincent's College, the University of Texas, Sarah Lawrence College, Syracuse University, Yale University, Morrisville College, SUNY Oneonta, and Occidental College. Also, a video called "Facing the Difference: Living Together On Campus," which features college students talking about the problems they have faced in a highly diverse college environment, is now being disseminated widely.

AT&T, Security Pacific Corporation, the New York City Commission on Human Rights, Security Pacific Banks, NA, Southeast Banks, and Bellcore are among those businesses and agencies which have availed themselves of the new model programming of "A Workplace of Difference." Full-day workshops allow participants in both programs to interact and openly discuss issues of diversity, prejudice and discrimination.

Meeting the diversity awareness needs of our nation's law enforcement agencies presented a new training challenge to ADL, leading to the creation of a special training program specifically aimed at law enforcement professionals. The program has been offered at the National FBI academy, the Houston Police Department, the Little Rock Police Department, the Albany Police Department, and other law enforcement agencies.

During 1991 ADL coordinated all of its educational efforts to combat prejudice under one umbrella forming the A World of Difference Institute. In addition to ADL's ongoing programs a number of new initiatives will be taken. Through intensive training programs the Institute will assist educators in their efforts to combat prejudice and to value diversity.

In the Schools

The nation's schools must be included in any program designed to address the problem of bigotry. Confronting and eliminating prejudice should be an educational priority at all levels of education—school systems, individual schools, administrators, teachers, and professional education organizations.

ADL disseminates an extensive catalogue of print and audiovisual materials for schools. Included are books, curricula, and videos on prejudice reduction, multicultural education, the Holocaust, and ways of strengthening our democratic society. This catalogue of materials is utilized by more than 100,000 teachers, administrators, and curriculum developers.

Some examples: On the elementary level—a handbook "Teacher They Called Me A—!" has 69 classroom activities on such topics as Race and Ethnicity, Religion, Differences in Life Styles, Discrimination Against the Disabled, and the Influence of Gender on How Children Are Treated.

On the secondary level of classroom activity manual, "Being Fair and Being Free," teaches students the evils of prejudice in their own lives, in other countries, and in other times.

A large variety of excellent videos such as "Behind the Mask," "Names Can Really Hurt Us," and "Shadows Between Friends" show elementary and/or high school students facing prejudiced behaviors and learning about the evils of prejudice.

An updated series of 12 "Sports Posters" features famous athletes declaring: "If You Really Believe in America, Prejudice is Foul Play."

ADL, the National Urban League, and the League of United Latin American Citizens (LULAC) have formed a coalition to improve education. A major goal for this coalition is to work with schools to help them develop programs that teach the importance of intergroup respect and understanding within our democratic, pluralistic society. The coalition has produced two full-color posters that indicate their educational priorities. One features a "Report Card For Better

Schools." The other presents a multicultural group of children and explains: "Learning and Playing Together Today; Living and Working Together Tomorrow." These posters are available for purchase.

In cooperation with the National PTA, ADL has prepared and the National PTA has distributed a pamphlet entitled "What To Teach Your Child About Prejudice and Discrimination." In clear and direct language the pamphlet assists parents and teachers in telling youngsters how to treat others with respect and how to deal with prejudice directed against themselves.

ADL, together with the New York State Department of Education has developed a pamphlet for high school students, "Hate Can Hurt, Let's Stop Prejudice." The pamphlet has been widely utilized to initiate discussions among youngsters on how to deal with prejudiced behaviors.

To meet the threat of anti-Semitism, the ADL has produced two educational videos with discussion guides, plus three pamphlets under the overall title "Confronting Anti-Semitism." The two videos, "A How-To for Jewish Youth" and "A Family Awareness Project" simulate various scenarios such as anti-Jewish "jokes" and comments, and school policies that conflict with religious observances.

The pamphlets "Guidelines for Jewish Parents" and "Guidelines for the Jewish Community" help parents to aid young victims of hate, and Jewish communities in confronting modern anti-Semitism. The third pamphlet in the series offers "Guidelines for the Christian Community" on facing anti-Semitism.

This multimedia program is designed for schools, religious organizations, and community groups.

THE 1991 ADL AUDIT OF ANTI-SEMITIC VANDALISM AND OTHER INCIDENTS

State	1991 total	Change		Vandalism locations			Serious crimes				Cem. des.	Harassments, threats and assaults				
												Targets		1991 total	Change	
		1990	1991	INST	PVT	PUB	ARS	ATT	BMB	ATT		INST	IND		1990	1991
New York	254	186	+68	51	147	56	3	0	0	0	4	34	157	191	110	+81
California	124	129	−5	33	58	33	5	5	1	1	0	40	82	122	91	+31
New Jersey	102	107	−5	12	33	57	1	1	0	0	3	18	75	93	55	+38
Massachusetts	68	68	0	8	15	45	0	0	0	0	2	19	50	69	66	+3
Pennsylvania	49	44	+5	9	13	27	0	2	2	0	0	4	22	26	22	+4
Florida	43	65	−22	20	11	12	1	0	1	0	0	13	35	48	60	−12
Maryland	41	56	−15	4	19	18	0	0	0	0	1	8	29	37	56	−19
Illinois	27	33	−6	8	9	10	0	0	0	0	0	20	26	46	39	+7
Texas	24	5	+19	5	9	10	0	0	0	0	0	10	11	21	21	0
Connecticut	21	16	+5	1	4	16	0	0	0	0	0	3	23	26	23	+3
Michigan	20	16	+4	7	9	4	1	0	0	0	0	8	16	24	25	−1
Colorado	17	35	−18	5	9	3	0	0	2	0	2	3	18	21	28	−7
Ohio	17	23	−6	10	2	5	0	0	0	0	1	25	22	47	32	+15
Georgia	14	9	+5	4	4	6	0	0	0	0	0	3	20	23	13	+10
Louisiana	13	5	+8	11	1	1	0	0	0	0	4	18	0	18	6	+12
New Mexico	11	15	−4	2	1	8	0	0	0	0	0	8	9	17	9	+8
Virginia	9	15	−6	2	6	1	0	0	0	0	0	0	10	10	8	+2
Minnesota	8	17	−9	3	1	4	0	0	0	0	1	12	9	21	21	0
Tennessee	6	4	+2	2	3	1	1	0	0	0	0	0	1	1	1	0
South Carolina	5	0	+5	4	1	0	0	0	0	0	0	0	0	0	0	0
Wisconsin	5	23	−18	3	1	1	0	0	0	0	0	1	0	1	4	−3
Alabama	4	2	+2	3	0	1	0	0	0	0	0	3	0	3	2	+1
Mississippi	4	2	+2	4	0	0	0	0	0	0	4	0	0	0	0	0
New Hampshire	4	5	−1	3	0	1	0	0	0	0	0	0	2	2	3	−1
North Carolina	4	1	+3	3	1	0	0	0	0	0	0	0	4	4	5	−1
Washington	4	4	0	3	0	1	0	0	0	0	0	8	12	20	12	+8
Arizona	3	11	−8	1	0	2	0	0	0	0	0	6	0	6	8	−2
Arkansas	3	0	+3	2	0	1	0	0	0	0	0	0	0	0	1	−1
District of Columbia	3	6	−3	0	1	2	0	0	0	0	0	0	5	5	8	−3
Missouri	3	2	+1	1	2	0	0	0	0	0	0	0	3	3	1	+2
Iowa	3	0	+3	0	3	0	0	0	0	0	0	0	2	2	0	+2
Maine	3	3	0	2	1	0	0	0	0	0	0	1	5	6	1	+5
Delaware	2	2	0	1	1	0	0	0	0	0	0	0	0	0	0	0
Indiana	2	2	0	0	2	0	0	0	0	0	0	7	5	12	7	+5
Kentucky	2	2	0	1	0	1	0	0	0	0	0	0	3	3	1	+2
Oregon	2	6	−4	1	1	0	0	0	0	0	0	2	2	4	12	−8
Rhode Island	2	0	+2	2	0	0	0	0	0	0	0	0	0	0	0	0
Nebraska	1	2	−1	0	1	0	0	0	0	0	0	6	3	9	3	+6
Utah	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Virgin Islands	1	0	+1	1	0	0	0	0	0	0	0	0	0	0	0	0
Alaska	0	1	−1	0	0	0	0	0	0	0	0	0	2	2	1	+1
Kansas	0	1	−1	0	0	0	0	0	0	0	0	0	1	1	0	+1
Nevada	0	0	0	0	0	0	0	0	0	0	0	1	0	1	1	0
Vermont	0	0	0	0	0	0	0	0	0	0	0	0	5	5	0	+5
Hawaii [1]	0	1	−1	0	0	0	0	0	0	0	0	0	0	0	0	0
Idaho [1]	0	2	0	0	0	0	0	0	0	0	0	0	0	0	2	0
Montana [1]	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
1991 total	929	927	+2	233	369	327	12	8	6	1	22	281	669	950	758	+192

[1] For comparison to 1990 figures.

LISTING OF COLLEGE CAMPUSES REPORTING ANTI-SEMITIC INCIDENTS

California May 27, 1991, Claremont College Hillel, phone threat.

California August 1991, Claremont College Hillel, phone threat.

California September 1991, Cal. State-Northridge Hillel, vandalism.

California September 12, 1991, San Francisco City College, vandalism.

Colorado February 11, 1991, Univ. of Colorado-Boulder, vandalism.

Colorado November 20, 1991, Univ. of Colorado-Boulder Hillel, phone threat.

Connecticut February 6, 1991, Trinity College-Hartford, harassment.

Connecticut February 22, 1991, Southern Conn. Univ. New Haven, harassment.

Connecticut August 10, 1991, Yale Univ.-New Haven, 3-vandalism—1 harassment.

Connecticut September 11, 1991, Wesleyan Univ.-Middletown, 5-vandalism—1 harassment.

Connecticut October 9, 1991, Univ. of Hartford, vandalism.

Florida April 16, 1991, Florida Atlantic Univ., vandalism.

Florida October 17, 1991, Univ. South Florida-Tampa, vandalism.

Florida November 4, 1991, Univ. of Miami Hillel, phone threat.

Georgia January 1991, Univ. of Georgia-Athens, harassment.

Georgia January 30, 1991, Morehouse College-Atlanta, harassment.

Georgia March 23, 1991, Emory Univ.-Atlanta, vandalism.

Illinois February 6, 1991, Northwestern Univ.-Chicago Hillel, phone harassment.

Illinois May 29, 1991, Spertus College-Chicago, harassment.

Illinois June 10, 1991, Governors State Univ.-Univ. Park, harassment.

Illinois September 1991, Northwestern Univ., harassment.

Illinois November 21, 1991, Univ. of Illinois-Champaign Hillel, vandalism.

Indiana January 24, 1991, Univ. of Indiana-Bloomingham Hillel, harassment.

Indiana July 1991, U. Indiana-Bloomington Jewish frats, 2-vandalism.

Indiana October 1991, Ball State Univ.-Muncie, 3 harassment.

Iowa August 1991, Univ. of Iowa-Iowa City, vandalism.

Iowa October 30, 1991, Grinnel College-Grinnel, vandalism.

Kansas May 10, 1991 Wichita State Univ., harassment.

Maryland January 15, 1991, Univ. of Maryland-College Park, harassment.

Maryland February 4, 1991, Frostburg State Univ., 1-vandalism 1-harassment.

Maryland May 17, 1991, Baltimore Culinary College, harassment.

Maryland June 2, 1991, Univ. of Maryland-College Park, vandalism.

Maine January 1991, Wheaton College-Attleboro, vandalism.

Maine February 1991, Brandeis University-Boston, harassment.

Maine March 3-6, 1991, Harvard Univ.-Boston, 5-vandalism.

Maine November 11, 1991, Smith College-Northampton, vandalism.

Maine November 1991, Wellesley College, 2-vandalism.

Michigan, May, 1991, Oakland Univ. Rochester, vandalism.

Michigan, November, 1991, Univ. of Michigan-Ann Arbor, harassment.

Minnesota, February 4, 1991, Univ. of Minnesota-Minneapolis, harassment.

Minnesota, June 15, 1991, Univ. of Minnesota-Minneapolis, vandalism.

Minnesota, October 15, 1991, Univ. of Minnesota-Minn. Hillel, harassment.

New Jersey, January 10, 1991, Rutgers Univ.-New Brunswick, 3-vandalism.

New Jersey, May 14, 1991, Rutgers Univ.-Livingston, vandalism.

New Jersey, May, 1991, Rutgers Univ.-Busch, 3-vandalism.

New Jersey, February 5, 1991, Monmouth College, harassment.

New Jersey, October, 1991, William Patterson College, 2-vandalism.

New Mexico, January 3, 1991, Univ. of New Mexico-Albuquerque, 1-harassment 1-vandalism.

New Mexico, January 29, 1991, St. Johns College-Santa Fe, harassment.

New York, July, 1991, Brooklyn College, harassment.

New York, October 30, 1991, Queens College, harassment.

New York, September 11, 1991, Cornell Univ.-Ithaca, 2-harassment.

New York, November 17, 1991, Barnard College-NYC, vandalism.

North Carolina, November, 1991, Duke University, harassment.

North Carolina, November 25, 1991, Guilford College-Ashville, vandalism.

Ohio, August 30, 1991, Ohio State Univ.-Columbus Hillel, harassment.

Ohio, December, 1991, Ohio State Univ.-Columbus, assault.

Ohio, October 6, 1991, Univ. of Cincinnati Hillel, 2-vandalism.

Ohio, December 5, 1991, Ohio Wesleyan-Delaware, harassment.

Pennsylvania, February, 1991, Univ. of Pittsburgh, 2-vandalism.

Pennsylvania, September 9, 1991, Univ. of Pennsylvania, vandalism.

Pennsylvania, October 13, 1991, Penn State Univ., vandalism.

Pennsylvania, November 16, 1991, Keystone Jr. College-La Plume, vandalism.

Tennessee, July 4, 1991, Univ. of Tennessee-Knoxville Hillel, vandalism.

Tennessee, October, 1991, Univ. of Tennessee-Knoxville, 1-vandalism 1-harassment.

Texas, November 27, 1991, Univ. of Texas-Austin, assault.

Texas, December, 1991, Univ. of Texas-Austin, vandalism.

Vermont, March 5, 1991, Johnson State College-Johnson, 5-harassment.

Washington, January 31, 1991, Central Univ. Washington-Ellensburg, harassment.

Wisconsin, February 12, 1991, Univ. of Wisconsin-Milwaukee, vandalism.●

TRIBUTE TO DWIGHT E. HEFFELBOWER

● Mr. McCONNELL. Mr. President, I rise today to pay tribute to an outstanding Kentucky businessman who has worked in the defense industry for more than 42 years. Dwight E. Heffelbower is now the chairman and CEO of the Lexington-based Mason & Hanger-Silas Mason Co., Inc. This engineering services firm is one of the Nation's largest defense contractors.

Dwight Heffelbower began his career in 1949 at the Silas Mason Co., Inc. as a draftsman on a company contract at the Iowa Ordnance Plant in Burlington, IA. He soon worked his way up to junior engineer, then chief process engineer, and eventually to plant manager in 1963. During the 10 years he held that post, employment rose from 2,000 to 8,000 due to the buildup for the Vietnam War. Mr. Heffelbower became vice president of defense activities at Mason & Hanger in 1973 and moved to the Lexington headquarters. He took over as president and CEO in 1986, and since January of this year, he has served as chairman and CEO.

In his current position, Mr. Heffelbower is faced with the task of ensuring that Mason & Hanger continues to be successful in a post-cold war era. He claims that the biggest challenge facing the company is diverting away from Department of Defense work because conventional ammunition production is decreasing. In addition to its defense work, Mason & Hanger does extensive security work, an area which will likely expand as ammunition production decreases. One of the company's six subsidiaries is also developing a fiber optics and intelligence and detection system, a state-of-the-art security and monitoring system. The same company is studying and marketing a plasma energy system to transform solid, hazardous and medical waste into environmentally sound byproducts.

Over the years, Dwight Heffelbower has proven himself to be a capable, hard-working and honest businessman. He has worked his way up in one of the Nation's most rapidly changing industries. There is no doubt that Mason & Hanger-Silas Mason Co., Inc., will continue to enjoy tremendous success under the proven leadership of Dwight Heffelbower. Mr. President, please insert the following article from the Lexington Herald-Leader into the RECORD.

The article follows:

[From the Lexington (KY) Herald-Leader, Feb. 24, 1992]

CAREER REFLECTS WAYS ARMS INDUSTRY EVOLVED—DWIGHT E. HEFFELBOWER ROSE TO CHAIRMANSHIP OF MASON & HANGER

(By Liz Caras Petros)

Times were tough in 1949 when Dwight E. Heffelbower got his engineering degree and hit the job market. But at the Silas Mason Co. Inc., Heffelbower found a perfect match.

"They were hiring and I was looking," he recalled.

Although Heffelbower knew nothing about the company when he began work, he had a plan.

"I thought I would go there for a couple of years and get some experience," he said.

That was more than 42 years ago. Heffelbower is still with the company. And he's still learning.

The Lexington-based engineering services firm, now called Mason & Hanger-Silas Mason Co. Inc., is one of the country's largest defense contractors. So it has adapted its work to the changing military climate. Heffelbower's career mirrors those changes.

Heffelbower first worked as a draftsman on the company contract at the Iowa Ordnance Plant in Burlington, Iowa. The contract, with the Atomic Energy Commission, was for the construction and operation of the first plant that made high explosives components for atomic weapons and assembled them.

Heffelbower was plant manager from 1963 to 1973, during the buildup for the Vietnam War when employment rose from 2,000 to 8,000 and production began of 50 to 60 ammunition items at the same time.

In 1973, Heffelbower became vice president-defense activities for the company and moved to the Lexington headquarters. Since January, he has served as chairman and chief executive officer.

Mason & Hanger has a rich history as a U.S. defense contractor—a history that includes dealing with sensitive and dangerous materials.

Heffelbower, 66, is used to that. As a young engineer, he regularly handled explosives no one knew anything about. He considers himself lucky.

"We didn't know about all these things that are bad now," he says. "I think back at the things that we did fool with then and look at the EPA's list and I say we should never have touched it."

Mason & Hanger continues its involvement with U.S. defense-related activities.

It operates the nuclear weapons plant Pantex near Amarillo, Texas, where it develops and produces explosives for nuclear weapons and assembles, disassembles, modifies, tests and performs surveillance on America's nuclear stockpile.

Mason & Hanger also does extensive security work. Its forces guard Pantex, the Iowa and Mississippi Army ammunition plants, Los Alamos National Laboratory in New Mexico, and NASA's Johnson Space Center in Houston and the Langley Research Center in Virginia.

In the coming years, Mason & Hanger will be working to ensure that its prosperity continues, regardless of any U.S. disarmament. President Bush, in his recent State of the Union address, set some of those programs in motion.

"Out biggest challenge is to divert away from the Department of Defense work," Heffelbower said. "Conventional ammunition obviously is going down in volume."

That means expanding its security work to include other commercial projects. One of its six subsidiaries, Mason & Hanger National, is now developing a Fiber Optics Intelligence and Detection System, a state-of-the-art undetectable security and monitoring system.

The same company is studying and marketing a plasma energy system that uses plasma, or ionized gas, to transform solid, hazardous and medical wastes into environmentally sound byproducts.

The company is testing the process under which a plasma torch, which Heffelbower defined as "lightning controlled," melts materials with temperatures of between 3,000 and 5,000 degrees.

"It will liquefy them," he said. "Then when you tap the liquid it will solidify into essentially a glass. That's the way that we can get rid of some very difficult things."

Not only are those materials safe for landfills, but they also can be used in building materials, such as roadways.

The company has an experimental torch set up in Huntsville, Ala., and is in the process of designing one for a group of hospitals in California.

Heffelbower will continue to shepherd the company's goals from headquarters in Lexington, despite perpetual rumors that the firm will move closer to some of its facilities.

The company employs 5,000 people worldwide, 25 people at headquarters on Harrodsburg Road.

"There's no reason to move," Heffelbower said. "There are better transportation hubs to get into, but there are not very many better places to live than Lexington."

Good transportation is important, because Heffelbower is often traveling to the company's facilities across the country. But when he is at home, he spends time with his wife, Darlene, and their three granddaughters who live in Lexington.

His son, Darl, is manager of the Iowa Army Ammunition Plant, a post Heffelbower held 30 years ago.

But don't assume Darl is following in his father's footsteps.

"He's not that good," quipped Heffelbower. And every chance he gets, Heffelbower reminds Darl that his son took over the plant at age 40—four years later than his father did.•

NOTICE OF DETERMINATION BY THE SELECT COMMITTEE ON ETHICS UNDER RULE 35, PARAGRAPH 4, PERMITTING ACCEPTANCE OF A GIFT OF EDUCATIONAL TRAVEL FROM A FOREIGN ORGANIZATION

• Mr. SANFORD. Mr. President, it is required by paragraph 4 of rule 35 that I place in the CONGRESSIONAL RECORD notices of Senate employees who participate in programs, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The select committee received a request for a determination under rule 35 for Charles H. Riemenschneider, a member of the staff of Senator LEAHY, to participate in a program in New Zealand, sponsored by the New Zealand Government, from February 7–16, 1992.

The committee has determined that participation by Dr. Riemenschneider in this program, at the expense of the New Zealand Government, is in the interest of the Senate and the United States.

The select committee received a request for a determination under rule 35 for Jay C. Ghazal, a member of the staff of Senator PELL, to participate in a program in the United Arab Emirates, sponsored by the United Arab Emirates, from January 6–13, 1992.

The committee determined that participation by Mr. Ghazal in this program, at the expense of the United Arab Emirates, was in the interest of the Senate and the United States.•

LBCS TEACHER WINS PRESTIGIOUS AWARD

• Mr. D'AMATO. Mr. President, I rise today to congratulate Mrs. Veronica Danca who has been a teacher with the Long Beach Catholic schools for 13 years. Mrs. Danca is a shining star in the educational community who has dedicated her life to educating our young people. Mrs. Danca's many contributions were recognized when she was selected to be the recipient of the prestigious Better Beginnings Award by the New York State Department of Education.

Mrs. Veronica Danca will be receiving the Better Beginnings Award for her outstanding work with young students and her leading role in organizing and directing Long Beach Catholic school's kindergarten and prekindergarten programs. The Better Beginnings Award was created for those dedicated individuals who have committed themselves to creating better beginnings for schoolchildren in New York State. That is to say, the award is given to individuals who have exhibited a firm commitment to improving pupil's early educational experience.

Mrs. Danca is a long time Long Beach resident who will be receiving her award this month at Long Beach Catholic School in the view of the students, parents, community members, colleagues, and school administrators. I join with here family, friends, and well-wishers in praising her for her achievements. I would also like to extend my best wishes to Mrs. Veronica Danca for success in all her future endeavors. For Mrs. Danca represents the best of New York and I salute her.•

CAPE VERDIANS

• Mr. LIEBERMAN. Mr. President, I would like to call to the attention of my colleagues an important article from the Hartford Courant on the contributions that have beeen made by Cape Verdians to American society. Although Cape Verde is one of the poorest countries in the world, its peoples have played a major role in New England. The first wave of Cape Verdian immigration to this country occurred in the later part of the 19th century, when men came to work in New Bedford, MA, on whaling ships or in cranberry bogs. More came to my State, Connecticut, to build the Bulkeley Bridge around 1900. They have a driving force in the State's economy ever since then.

I want to pay a particular tribute to State treasurer Frank Borges. Frank arrived in this country at the age of eight, knowing no English. He pulled his way up and has gone on to be one of the most eminent political leaders in our State. His stewardship has been particularly welcome during Connecticut's tough economic times.

Mr. President, I ask that the following article be placed in the RECORD.

The article follows:

[From the Hartford Courant, Dec. 22, 1991]

CAPE VERDIANS WORKED HARD FOR SUCCESSES

(By Tom Condon)

A few years ago, I was at the same party as State Treasurer Francisco L. "Frank" Borges. I overhead some guy who'd never seen Borges before ask why someone with an Hispanic-sounding name looked like an African-American.

The boyishly handsome Borges hears this all the time. His ethic heritage is actually a mix of Portuguese and African cultures and a host of others, that come together in a group of islands off the west coast of Africa called Cape Verde.

Cape Verder, independent since 1975, is one of the poorest countries in the world, ravaged by drought and hunger. Yet the small Cape Verdian community here is one of the great success stories in Connecticut and southern New England.

Along with Borges, other Capes Verdians you may have heard of include Hartford Deputy School Superintendent Charles Senteio, prominent lawyers Joseph Moniz and John Rose, state Public Works Commissioner Bruce Morris, former Mental Health Commissioner, Dr. Audrey Worrell, former Corrections Commissioner Raymond, Lopes, Bridgeport's pro basketball star Charles Smith, Norwalk-born jazz pianist Horace Silver, baseball all-star Davey Lopes (whose sister is married to Hartford School Superintendent T. Josiha Haig) and many others.

If your ancestors came from poor islands such as Ireland, Sicily or others, the story sounds familiar. Cape Verdians had little work and almost no schooling when the islands were a Portuguese colony. So work and education became obsessions. When the families got to this country, the father took any job he could find and saw that the kids went to school and earned a better life.

Borges and Senteio's fathers were both laborers with almost no formal education. The five Borges kids are college graduates and three are lawyers. The five Senteio kids are college graduates and three have advanced degrees.

Senteio recalls once not wanting to do his homework. His father handed him a shovel.

"If you won't use your pencil," he said, "you use this pencil." Charlie opted for the one with the eraser.

Borges came to this country at the age of 8, speaking no English, only Criuolo, the island's language. The first years of school were exceedingly difficult, but there was no question he'd succeed. His father had him at the kitchen table doing homework every night.

The 10 volcanic islands that sit 400 miles off Dakar, Senegal, were uninhabited when the Portuguese sailors found them in 1500s. They became a way station in the slave trade, eventually home to sick or escaped slaves, who built homes high in the mountains to avoid recapture. A penal colony was established on Cape Verde, which drew criminals and political dissidents of all stripe from many European countries.

The result, said Moniz, is a people of every hue and color who are very clannish and family oriented. Even in this country, "we all know each other," said Borges.

The first major immigration to this country was in the latter part of the 19th century when men came to New Bedford, Mass., either to work on whaling ships or in cranberry bogs.

Many moved to Rhode Island to become longshoremen. More came to Connecticut at

the turn of the century to build the Bulkeley Bridge. There are about 350,000 Cape Verdians in the islands and as many living in this country, most still in southern New England.

Moniz estimates that 15 percent to 20 percent of the island's economy comes from money American Cape Verdians send back to the islands.

Now that second- and third-generation Cape Verdians have made it, they'd like to nudge the U.S. to do something for their homeland. Cape Verde has never gotten much U.S. aid. Part of the reason, Borges thinks, is that most Cape Verdians work so hard they have little time for politicking.

Borges thinks it's time to convince Congress that the island's willing workers and key trade location make it an ideal site for development. They have the ear of Sen. Joseph Lieberman on this. Borges and Moniz are on the committee welcoming the country's prime minister to the U.S. next month.

But to really make themselves felt, someone—perhaps Borges—is going to have to get elected to Congress. And with Connecticut's Portuguese community and emerging Latino and African-American voting populations, Cape Verdian isn't a bad thing to be.•

NATIONAL FREE PAPER WEEK

• Mr. D'AMATO. Mr. President, I rise today to salute our Nation's free-community paper publishers for their continued contributions to the growth and success of local and State economies through their publications. Our free-community paper publishers form a strong and ever-growing industry that provides comprehensive buying information to millions of homes across the country each week. Celebrating the important role free community papers have played in providing information, news, and community support to their readers, I am proud to announce the seventh annual celebration of National Free Paper Week, March 15 through 21, 1992.

Free community papers blanket the country each week with more than 10 million door-to-door circulation across the country. Their contribution to the growth and success of local and State economies is immeasurable. By proclaiming National Free Paper Week, we all have the opportunity to give our free community paper publishers and their staffs the recognition that they deserve for their efforts.

I salute all those associated with the free community paper industry and urge my colleagues to support this fine industry by engaging in festivities honoring this essential industry.

Please accept my gratitude for all of your past efforts and I wish you continued success in the future. I am sure the week of March 15 will be filled with much jubilation.•

RURAL HEALTH CARE INITIATIVE

• Mr. KASTEN. Mr. President, I rise today to express my enthusiastic support for the Specter-Shelby amendment which was adopted last week as part of S. 1150, the higher education reauthorization bill. This amendment would specifically prohibit the implementation of the VA-HHS program known as the rural health care initiative.

The rural health care initiative is a joint venture by the Department of Veterans Affairs and the Department of Health and Human Services. This program would allow certain rural VA hospitals to serve nonveterans. VA hospitals participating in this program would admit and treat nonveteran patients.

While the Senate is looking at ways to improve the quality and delivery of veterans' health care, it is imperative that we do not lose ground in the process. I strongly believe that allowing VA hospitals to serve nonveterans would overburden the veterans' health care system. It is unconscionable to open up VA hospitals to nonveterans at a time when we allow eligible veterans needing care to be turned away.

Mr. President, the veterans health care system is being carefully scrutinized and its inability to serve all eligible veterans is being reviewed. It is essential that we do not imperil the future of the VA health care system by unnecessarily burdening it with outside demands. This amendment removes this threat by eliminating both the authorization and appropriation.

I am a cosponsor of both Senator SHELBY's and Senator SPECTER's bills to prevent implementation of the rural health care initiative, and I am pleased to support their bipartisan effort in the form of this amendment.•

SENATE JOINT RESOLUTION 255—DESIGNATING COMMODORE JOHN BARRY DAY

• Mr. D'AMATO. Mr. President, I ask that the text of Senate Joint Resolution 255 to designate September 13, 1992, as "Commodore John Barry Day," be printed in the CONGRESSIONAL RECORD.

The text of Senate Joint Resolution 255 follows:

S.J. RES. 255

Whereas John Barry, an immigrant from County Wexford, Ireland, volunteered his services to the Continental Navy and was commissioned as captain on October 10, 1775;

Whereas during the War for Independence Captain John Barry achieved the first victory for the Continental Navy while in command of the ship "LEXINGTON" by capturing the British ship "EDWARD", organized General George Washington's crossing of the Delaware River which led to the victory at Trenton in 1776, transported gold from France to America while in command of the ship "ALLIANCE", and achieved the last victory of the war for the Continental Navy, while in command of "ALLIANCE" by defeating the British ship "HMS SYBILLE";

Whereas during the War for Independence Captain John Barry rejected British General Lord Howe's offer to desert the Continental Navy and join the British Navy stating: "Not the value and command of the whole British fleet can lure me from the cause of my country";

Whereas after the War for Independence the United States Congress recognized John Barry as the premier American naval hero of that war;

Whereas in 1787 Captain John Barry organized the compulsory attendance of members of the Constitutional Convention in Philadelphia, thus ensuring the quorum necessary to adopt the Constitution and recommend it to the States for ratification;

Whereas on June 14, 1794, pursuant to "Commission No. 1", President Washington commissioned John Barry as Commodore in the new United States Navy;

Whereas Commodore John Barry helped to build and lead the new United States Navy which included his command of the U.S.S. UNITED STATES and U.S.S. CONSTITUTION (Old Ironsides);

Whereas in 1991 President Bush proclaimed September 13, the date of John Barry's birth, as "Commodore John Barry Day";

Whereas designating a day to commemorate Commodore John Barry would be important to United States Navy veterans, Irish-Americans, and to all the people of the United States: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That September 13, 1992, is designated as "Commodore John Barry Day," and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe such day with appropriate ceremonies and activities.•

ADL STUDY

• Mr. LIEBERMAN. Mr. President, Senator HATCH, Senator GRAHAM, and I would like to call to the attention of our colleagues a recent study by the Anti-Defamation League of B'nai B'rith on anti-Semitism in Eastern Europe. Prof. Deborah Lipstadt, the author of the study, points out that anti-Semitism is still a serious problem. In some cases, it has become worse with the emergence of ethnic conflicts and economic pressures. The search for scapegoats is always a danger under such circumstances, and we commend the national leaders in Eastern Europe who have spoken out about this problem.

I commend the ADL for commissioning this study. The ADL has always played an important role in fighting prejudice in any form in our country and abroad. This study is part of that fine tradition. I ask that it be placed in the RECORD.

The study follows:

[ADL International Report, Europe, Dec. 1991]

ANTI-SEMITISM IN EASTERN EUROPE: OLD WINE IN NEW BOTTLES

(By the Anti-Defamation League of B'nai B'rith)

INTRODUCTION

Anti-Semitism Under the Communists: There is a long history of anti-Semitism in Eastern Europe. After World War II, anti-Semitism was directly linked to a specific Communist policy of eliminating the infra-

structure of Jewish life. Jewish, along with many other religious institutions, faced numerous government-enacted obstacles. They found it difficult if not impossible to attract younger members of the community because celebrating one's Jewish identity was considered a hostile and anti-Communist act. Contact with Israel and with Jewish cultural and religious institutions worldwide was proscribed. Virulent attacks on Israel and on Jews were often voiced by government bureaucracies. Judaism and Israel were linked as negative entities.

Jewish history suffered under the Communists as well. The Holocaust was an attempt by the Germans to annihilate the Jews. For all intents and purposes it succeeded in Eastern Europe. Under the Communists, it no longer was a "war against the Jews," but was presented as a terrible act of aggression by the Fascists against the Communists. It is not surprising that few non-Jews who came of age in the post-war era in these countries understood either the dramatic effect World War II had on Jewish life or why Jews remain so sensitive to any manifestation of anti-Semitism.

The treatment of the Jews by the Communist regimes must, of course, be analyzed within the context of the treatment of other religious and ethnic minorities. Under Communism, the pressure for assimilation was intense. The differences, both religious and ethnic, between the different groups—Jews as well as others—were ignored, hidden, or actively suppressed by government bureaucracies. Because Marxist-Leninist theory denied the legitimacy of ethnographic differences, these distinctions were simply declared to be non-existent.

However significant the impact of Communist policy on anti-Semitism, one cannot ignore the long prior history of anti-Semitism in these countries. This history has been well documented and historically analyzed. It has social, economic, political and religious roots. Under the Communists, it was not allowed open expression. One saw little anti-Semitism graffiti or read few openly anti-Semitism articles in newspapers unless they were government authorized. But this animus was never eradicated. The speed and ease with which it emerged after the fall of Communism is indicative of the fact that it had long festered under the surface.

Anti-Semitism After Communism: Much of contemporary anti-Semitism can be attributed to the socio-economic dislocation that has emerged since the demise of Communism. The often caustic debates over democracy, nationalism and the role of an opposition have added fuel to the fire and fostered the increase expression of anti-Semitism. But the entire issue would not have come to the surface had it not existed as an undercurrent suppressed by the previous regime.

Now that Communism had been eliminated, Jewish life has improved dramatically. It is ironic, however, that because of the more open expression of anti-Semitism, Jews in many Eastern European countries feel less secure. Many of the existing formal and bureaucratic obstacles which had prevented the free development of the Jewish community have been removed. Jewish schools, camps, youth groups, seminaries, and university-level Jewish studies programs have been established. Communal institutions which existed under the Communists in a limited and precarious fashion are flourishing. This is an exciting and positive development and has prompted some to project the possibility of a reconstruction of Jewish life in Eastern Europe.

But at the same time, popular anti-Semitism has now percolated to the surface. Anti-Semitic graffiti, articles, religious homilies, political slogans and vandalism have appeared in virtually all the countries discussed in this report. The sale of traditional anti-Semitic material, including the well-known forgery, the "Protocols of the Elders of Zion," has been reported.

This anti-Semitism is not a new sentiment. In many respects, it is the same as before but now, instead of emanating from official government circles, it is coming from other sources. On some levels, it is more frightening to Jews. It is far less predictable and sometimes more openly virulent. Before, one could attribute it to a hated government policy. Now it seems to be coming from one's neighbor. Moreover, it harks back to an age-old teaching: "The Jews are the cause of all our problems."

Equating Jews With Communism: In many of these countries, Jews are held responsible for the miseries suffered under Communism. Because of the anti-Semitism Jews endured at the hands of the Nazis, there were Jews in each of these countries who embraced Communism after World War II. Proportionately, far more non-Jews associated with the party, but this fact seems to be lost on the anti-Semites. The association of these individual Jews with Communism has resulted in a popular sentiment: "The Jews are responsible for the terrors of Communism." Because post-war generations have not been taught about the specific horrors suffered by the Jews at the hands of the Nazis, they often fail to understand why Communism seemed a welcome alternative to many Jews.

Moreover, because a tradition of anti-Semitism had conditioned the populace to see Jews as a unified entity, i.e. the Jews, they fail to differentiate between the actions of individual Jews and the fate of the Jewish community as a whole. This ingrained prejudice makes it rational to argue that because some Jews supported Communism, all Jews are responsible.

Anti-Semitism Without Jews: It is ironic that this has become such a significant issue in an area which is essentially devoid of Jews. The Jewish population of these countries is small. [It is infinitesimal compared to the pre-war population.] In many cases it is composed primarily of elderly retired Jews, many of whom are supported by philanthropy. Richard Schifter, U.S. Assistant Secretary of State for Human Rights and Humanitarian Affairs, commented in June 1991 in Bucharest that "only a negligible proportion of the population of the countries in this region is Jewish. But that * * * has not put an end of anti-Semitism in this part of the world." The prevalence of anti-Semitism in an area in which there are so few Jews is yet another indication of the irrational and prejudicial nature of this sentiment.

CATEGORIES OF ANTI-SEMITISM

The anti-Semitism which has emerged can be divided into a number of different categories.

Nationalist Anti-Semitism: Much of the anti-Semitism evident in recent months is directly related to the emergence of a new and sometimes malicious form of nationalism. Within a number of Eastern European countries different ethnic/national groups are vying for political autonomy. In those countries where there are a multiplicity of minority groups, this form of anti-Semitism has been particularly potent. Some of those involved in these struggles have used explicit anti-Semitism as a political tool. This has been particularly evident in Slovakia, Romania and Hungary.

In other instances, politicians have relied on more implicit expressions of anti-Semitism. They have publicly claimed that they have "pure blood" or have made a point of stressing that neither they nor any of their family members has any "Jewish roots." This tactic has been utilized by national leaders, members of the opposition and politicians engaged in election campaigns.

In depicting Jews as "other," as inherently "cruel," and as consciously working to thwart the desires of the majority population, they have drawn upon a long standing anti-Semitic stereotype. They have "demonized" the Jew. Even in countries where there are virtually no Jews this tactic has been employed. It sets up a familiar enemy upon whom a whole array of woes can be blamed.

The essential question is what kind of national identity will be forged, particularly in countries with a multitude of ethnic/national groups. Will it be narrowly defined or will it be more pluralistic?

Entrepreneurial Anti-Semitism: Another form of anti-Semitism which has been evident in a number of the countries we reviewed can be described as economic, competitive or entrepreneurial anti-Semitism. The change to a free market economy has caused severe economic dislocation in much of Eastern Europe. Moreover, ambivalent feelings exist among the population towards those who have achieved or seemed poised to achieve economic success due to new market opportunities. In certain areas, entrepreneurs, both Jews and non-Jews, have been condemned by the same people who called for an end to the Communist economic system. Anti-Semitic canards with economic overtones have been used. This kind of anti-Semitism builds upon traditional imagery which has long accused Jews of "money lending" and "usury."

Populist ["Peasant"] Anti-Semitism: (Though we call this "peasant" anti-Semitism, it seems to be as prevalent in the city as in the agricultural areas.) This form of deeply seated anti-Semitism exists among the general populace. It is rooted in both national and religious stimuli. It has been described as a form of "mob" anti-Semitism. It sees the Jews as the source of a broad range of problems. The Jew becomes the "mythical" enemy upon whom much can be blamed. It often exists among those with absolutely no contact with Jews but who are nonetheless convinced that their personal troubles as well as those of their country are the fault of "the Jews." This kind of anti-Semitism is easily stimulated by religious and national sentiments. This sentiment might be most responsive to a sustained educational campaign by religious and educational institutions. Parish priests and classroom teachers could do much to eradicate it.

THE FIGHT AGAINST ANTI-SEMITISM

A number of positive steps have been taken to counter the emergence of anti-Semitism. We briefly list below the prototypes of these actions and which, if properly sustained, could have a meritorious impact.

Condemnation by Political Leaders: Political leaders in many of the countries in Eastern European have spoken out forcefully against this prejudice. Some have primarily done so in their meetings with Jewish or Israeli representatives. While representatives of the Jewish community have appreciated these sentiments they have sometimes wondered if they are being expressed solely for their benefit.

There is a self-serving reason for the countries of this region to fight this prejudice. They realize, as one observer recently commented, that "anti-Semitism is bad manners" and makes them suspect in European circles. "People with bad manners will not be invited to sit at the table." [The New York Times, December 9, 1990.] Eastern Europeans are aware that anti-Semitism may well jeopardize the aid and trade agreements they wish to make with [Western] European countries.

Some political leaders, e.g. Czechoslovakia's President Havel, have not hesitated to condemn anti-Semitism as soon as it manifested itself. They have done so publicly and unequivocally to their own media as well as foreign journalists. This is the response that is likely to have a positive impact on the fight against anti-Semitism, for it is not the victims or their children who need to hear the condemnation; it is the perpetrators and their heirs who must hear it. Because this is such a deeply seated prejudice, they must hear it more than once.

Action by Political Leaders: In certain cases, verbal condemnation must be accompanied by action. Such a step was taken by Poland's President Walesa when he established a Presidential Commission on Anti-Semitism. This type of response, if it receives sustained support from the highest political levels, can be important. Otherwise, it will be relegated to the category of prestigious but meaningless actions, designed to placate foreign opinion.

Condemnation by Church Leaders: In a few notable instances, church leaders have individually and collectively condemned anti-Semitism as antithetical to Christian principles. The most effective example of this is the Polish Episcopate's letter of January 1991. But such steps can only be effective if they are transmitted to the grass roots of the community. If cardinals and archbishops condemn, then parish priests must also speak out and educate about the evil of anti-Semitism.

Education: Though there has been some discussion, no broad-based programs to educate about anti-Semitism have been established. A few individual efforts have been made. Since the younger generations have such a murky sense of the Holocaust, this is one area which must be included in any education program.

ABSENCE OF A DEMOCRATIC TRADITION

The emergence of post-Communist anti-Semitism has been exacerbated by the absence of democratic tradition. Even those who fought for the overthrow of despotic regimes are often unwilling to tolerate a political opposition. They find it difficult to countenance the fact that now that they have attained power there are those who continue to speak out against them. They have no familiarity with this aspect of the democratic system. Consequently, they will engage in tactics designed to delegitimize the opposition. One way of doing so is to accuse your opponent of being supported by Jews or "Jewish interest," but it is not only those in a position of power who have utilized these tactics. In a number of cases those in the opposition have used anti-Semitic canards to undermine elected officials.

When one hears anti-Semitic voices in Prague, Bratislava, Budapest, Bucharest, Warsaw or a myriad of cities, towns and villages, it must be understood that these are voices which are not only expressing hostility towards Jews but also towards the basic notion of European democracy. Adam Michnik, one of Poland's leading journalists, has analyzed this problem in Poland. His observations can, in fact, be applied to virtually all of the countries in the region.

"Anti-Semitism has become a code and a common language for people who are dreaming of a nationally pure and politically disciplined state—a state without people who are "different" and without a free opposition. * * * When anti-Semitic opinions are express[ed]. Jews are not the issue. * * * The question is whether there will or will not be * * * democracy."

Though the situation in each of these countries may differ in its details, the general profile is the same. There is an urgent need for government officials consistently to speak out against anti-Semitism. They must speak out in their own country, to their own media and not just when they visit Jewish leaders on trips abroad.

Educational programs to teach non-Jews about the insidious impact of anti-Semitism must be established. These steps must be seen to have a significance that goes beyond the Jewish population. It must be understood that, if anti-Semitism is allowed to flourish, there is serious doubt whether democracy will flourish. The two cannot long co-exist.

The fight against anti-Semitism is a critical part of the struggle for a democratic future. Only when those in positions of political, religious, and economic power recognize that these two struggles are intimately connected is there any chance that this age-old hatred can be eradicated and that democracy will be secure.

POLAND

There have been a number of anti-Semitic incidents in Poland during the past two years, including a September 1991 attack on the Warsaw Synagogue. But far more disturbing has been the appearance of anti-Semitism in political and religious circles. At the same time, there have been a number of very positive developments which, if emulated by other countries, could significantly ameliorate the problem.

During the Polish presidential campaign, Lech Walesa was severely criticized for using anti-Semitism for political purposes. He accused two leading members of Prime Minister Mazowiecki's campaign team of "hiding their Jewish origins." He also called on voters to support him because "I am a full-blooded Pole with documents going back to his ancestors to prove it." His rallies consistently attracted anti-Semites who yelled slogans such as "Jews to the gas." To the consternation of many Poles, Jews and non-Jews alike, Walesa never disavowed them.

Before the run-off election, Walesa admitted that he had been wrong to identify himself as a "full-blooded Pole." Subsequently he announced that a Warsaw Ghetto museum would be established near the Umschlagplatz, the square from which Jews were transported to the death camps. During his visit to the United States in March 1991, he met with various Jewish groups and spoke at a ceremony at the site of the United States Holocaust Memorial Museum. He repeatedly distanced himself from the anti-Semitic remarks he made during the presidential campaign. He acknowledged that he had blundered. "I stumbled on this. I crashed into anti-Semitism. * * * Twice I gave clumsy answers." He also denounced the resurgence of anti-Semitism in Poland.

His disavowals and condemnation were welcome but not new. He had often made these types of statements in meeting with Western Jewish leaders. Of far greater importance was his decision, announced shortly before his departure for the United States, that he planned to create a "permanent task force" to combat anti-Semitism. The council's tasks are to design educational programs for Polish youth which stress the close links between Poles and Jews; to submit to the Ministry of Education and the church proposals which promote better understanding between Poles and Jews; to react to incidents of anti-Semitism and to examine any problems that might arise between Poles and Jews. The Under-Secretary of State in the President's Chancellery was cited in "Gazeta Wyborcza" as explaining that "the council [was] an institutional expression of the President's commitment" to not "allow anti-Semitism to increase."

The council's inaugural statement stressed the interconnections between Poles and Jews. "With no other people have Poles been so strongly linked as with Jews. No other people helped so much to create our economic life, culture, literature and art." If the council continues to have the support of the President and is allowed to become a true policy-making body, it may well be in a position to take concrete steps to reverse the spread of anti-Semitism in Poland.

Other major developments took place in the religious sphere. In August 1984, a group of about a dozen nuns from the Order of Discalced Carmelites moved into the Theatergebäude at the site of Auschwitz I. They had obtained permission from Polish authorities and church officials but never had any dialogue about this move with members of the Jewish community, inside or outside Poland. Though Jewish and Catholic leaders agreed in February 1987 that the Auschwitz convent would become part of a new center of information, education, meeting and prayer . . . outside the area of Auschwitz-Birkenau camps, and that there would "be no permanent Catholic place of worship on the site of Auschwitz and Birkenau camps," two years passed and the convent did not more. In July 1989, Rabbi Avraham Weiss and a small group of demonstrators protested outside the convent. They were ejected by Polish workers.

In August 1989, at the shrine of the Black Madonna, Poland's holiest icon, Polish primate Cardinal Glemp issued a homily in which he accused Jews of "getting peasants drunk," "breeding Communism," and warned them not to speak to Poles "from a position of a people raised above all others." He also accused the demonstrators of intending to kill the nuns at the Auschwitz convent. He stated that "Jewish power lies in the mass media" and that the media are at the disposal of the Jews. His statements, which drew on traditional anti-Semitic imagery, deeply disturbed Jews and non-Jews in and outside Poland. Prominent non-Polish church leaders denounced Cardinal Glemp's anti-Semitic accusations. In September 1989, Sister Maria Teresa, the superior of the Auschwitz convent, is reported in a widely-cited interview to have stated that the Carmelites "are not moving a single inch."

The negative impact of the Cardinal's statements was followed by the issuance on January 20, 1991 of a letter by the Polish Episcopate strongly condemning anti-Semitism. The letter was interpreted as a sign that the Catholic Church in Poland had decided to oppose anti-Semitism. It was particularly encouraging because it came from the highest levels of the Catholic Church, and was signed by all the cardinals, archbishops and bishops at the 244th Plenary Conference of the Polish Episcopate. It was mandated by them to be read in all churches

and chapels at Mass on January 20, 1991. Finally, and most importantly, the Episcopate's letter acknowledged the "greatness and variety of links between the Church, Mosaic religion and the Jewish nation." It noted that with "no other religion does the Church remain in such close relationship, nor does the Church find itself bound to any other nation so intimately." In addition, it conceded that, though many Poles rescued Jews during the Holocaust, "there were those who remained indifferent to this inconceivable tragedy." It "deplore[d] especially the action of some Catholics who contributed in any way to the death of Jews." On behalf of those Christians who "could have helped but did not," it asked "forgiveness of our Jewish brothers and sisters." It described anti-Semitism as "incompatible with the spirit of the Gospel." It described Poland as a "common Fatherland for Poles and Jews for ages."

It remains to be seen to what extent this letter will be followed up at the parish level and catechesis. Only if it filters down to local and community levels—to those with continuous and sustained contact with the population—will it have significant impact.

In 1991, immediately prior to his visit to the United States, Cardinal Glemp condemned anti-Semitism as "evil and . . . contrary to the spirit of the Gospel." He also retracted his accusation that Jewish demonstrators at the Carmelite convent intended to harm the Carmelite Sisters. "I understand seven members of the Jewish community who disturbed the peace of Carmelite Sisters in July 1989, to which I reacted in my homily on August 26, 1989, did not intend to kill the Sisters or to destroy the convent." He did not, however, retract any of the other accusations he made in his homily nor did he condemn anti-Semitism in Poland.

But these positive actions on the Church's part have been thrown into question by the emergence of a chauvinistic anti-Semitic electoral alliance which appears to be supported and encouraged by segments of the Church. This alliance was reported by the left wing liberal "Polityka."

"Invitations was sent out by the Church authorities for a conference to create a Christian electoral pact—the suggestion coming originally from the Christian Citizens Movement, the Christian National Union and representatives of parish and deanery communities."

According to the report, the Christian Citizens' Movement and the Christian National Union, both of which are regarded as anti-Semitic, have allied themselves with parish and deanery communities, the grass roots elements of the Catholic Church. In contrast, the Centre Citizens' Coalition, a combination of the Centre Alliance and the Citizens' Committees of Solidarity has distanced itself from the anti-Semitic Christian National Union and other similar groups.

One of the political parties known to have engaged in anti-Semitic accusations is the National Party. Its paper has accused Jews of being responsible for the troubles which have afflicted Poland.

But more disturbing than the actions of political parties, which have limited followings, are public opinion polls revealing how deeply rooted are anti-Semitic feelings in Poland. Surveys have found that 40 percent of Poles said they were unwilling to have Jews live near them. Similar studies were conducted in Czechoslovakia and Hungary where the response was 23 percent and 17 percent, respectively.

In April 1991, a poll taken in Poland revealed that one Pole in three believes that "the influence of people they believe to be Jewish is too great" in Poland. According to the survey, five percent admitted to being "extremely anti-Semitic," 10 percent were "strongly anti-Semitic," and 16 percent claimed to be "moderately or slightly anti-Semitic." The results are interpreted by the polling institute (CBOS) as "evidence of the existence of strong negative stereotypes," unrelated to the facts. An earlier poll taken before the presidential election in October 1990 revealed that 22 percent of Poles believed that "Jews are the ones with the greatest influence on the Mazowiecki government." The most strongly anti-Semitic statements were made by agricultural and industrial workers who typically had not advanced past grade school. There was no difference between city and country dwellers.

ROMANIA

Since the coup of December 1989, there has been a steady rise in anti-Semitism in Romania. A Romanian journalist recently observed that "everyone * * * feel[s] in danger now for political or ethnic reasons. Xenophobia and anti-Semitism are no longer under control." Anti-Semitic articles have regularly appeared in a number of newspapers. The charge is frequently made that Jews brought Communism to Romania and that the government is "overwhelmingly Jewish." Commemorations of the Holocaust have been marred by demonstrators. In certain towns, the celebrations of Jewish holidays have been cancelled because of fears of anti-Semitic attacks. Cemeteries and synagogues have been vandalized.

There are approximately 17,000 Jews in Romania, which has a total population of 23 million. Most of them are elderly. Fewer than one thousand are under the age of 30. "It's anti-Semitism without Jews," observed Petru Cluj, a journalist with Romania Libera, the nation's most prominent independent newspaper.

The tabloid press has produced numerous anti-Semitic stories, some of which have blamed Jews for the hardships Romania is enduring as its economy falters. The weekly newspaper Europa regularly publishes anti-Semitic articles including an attack against Israel Ambassador Zvi Mazel. Articles by its publisher, Ilie Neascsu, frequently contain citations of classic French, English, and German anti-Semitic literature. The paper published an article in May 1991 claiming that Jews "were occupying the majority of decision-making functions" in the government.

Another newspaper, Romani Mare, with a circulation of a half million, also published numerous anti-Semitic articles. In an article on the "Jewish problem" in April 1991, the editor wrote that he had nothing against Jews as long as they "leave this country alone." He complained that they held too many "key jobs" and that parliament and the Government were "full of Jews." The paper claimed that "While there are 20,000 Jews in Romania, 5,000 of them are in the country's leadership * * * the heads of TV and radio are all Jews, and in Parliament, it rains Jewish by the bucket. It's not their fault—domination has been their style since the dawn of time—but can't they let us breath a little, instead of trampling on us as they have been doing since 1947?" It also accused the Jews of "trying to disintegrate" the country. In subsequent articles, the expulsion of all Gypsies was also demanded.

Though the Government has condemned Europa's anti-Semitism, two of its principal ministers recently sent the publisher letters thanking him for giving ten percent of the weekly profits to the Defense and Interior Ministries. The letters were published in the paper. U.S. Assistant Secretary of State Richard Schifter described anti-Semitism as having "been injected into the political dialogue" in Romania in the "form of attacks on prominent personalities based on the ethnicity of their ancestors."

In July 1991, a visit to Romania by Jews from abroad, including Nobel Prize winner Elie Wiesel, to mark the 50th anniversary of anti-Jewish pogroms was marred by anti-Semitic outbursts. In addition, Romania's chief Rabbi Moshe Rosen has had death threats made against him.

On a visit to Israel, President Ion Iliescu disassociated himself from the outbursts of anti-Semitism. Both Iliescu and former Prime Minister Petre Roman have condemned many of the expressions of this hatred. But Iliescu has engaged in a strange kind of symmetry. In addition to attacking those who have engaged in anti-Semitism, he has attacked those who have condemned the anti-Semites. He has accused them of exaggerating the situation and sullying the reputation of Romania.

The tragedy of this development is exacerbated by the history of Romania's recent treatment of Jews. It was the one Eastern European country which never broke relations with Israel. Moreover, most of its 400,000 Jews were allowed to make "aliyah." In addition, Bucharest has served as a transit point for Soviet Jews in the process of immigrating to Israel.

The problem of anti-Semitism was aggravated in April 1991 when Marshal Ion Antonescu, the anti-Semitic dictator under whom Romania joined Hitler's invasion of the Soviet Union, was honored by the Romanian Parliament in a minute of silent tribute. Not one member of Parliament publicly opposed the motion honoring Antonescu, though a few did refuse to vote for it.

Mr. Iliescu has condemned Antonescu's rule, and the Government of Prime Minister Petre Roman denounced the resurgence of anti-Semitism. Nonetheless, in the weeks before and after the 45th anniversary of Antonescu's execution, newspapers and weeklies, including those which support the Government, published long articles praising Antonescu as a great patriot. Even when Mr. Iliescu disassociated himself from the tributes and condemned the praise for the former Hitler ally, most Romanian papers ignored his statements.

Despite this, his actions won the praise of Romanian and foreign diplomats, who saw his forceful and public position as a demonstration of "exceptional political courage in taking a stand against the broadening stream of assertive nationalism." In addition to Mr. Iliescu's condemnations, denunciations of anti-Semitism have been issued by Bogdan Baltazar, the government spokesman.

The manifestation of anti-Semitism in Romania can be traced, in part, to economic troubles, the political uncertainties caused by a weak government, and a population angry about the slow pace of reform. The profound social, economic, and political problems plaguing this country have proved to be a prime breeding ground for Jew hatred. There are dozens of political and ethnic groups who share no common ideology or culture. An ideology which attacks those who are "other," e.g. Jews, is one of the few things that unites the disparate groups. One cannot, of course, build a healthy democratic system which is solely predicated on the hatred of another group.

HUNGARY

Hungary is unique in that it has a much larger Jewish population than any of the

other Eastern European countries. There are approximately 80,000 Jews in the country. There has been a resurgence in Jewish life since the fall of Communism. A wide range of Jewish activities take place on a regular basis, many of them held under the umbrella of the Association for Jewish Culture. The nation's first official memorial to Holocaust victims was recently dedicated. The synagogue is filled on major religious holidays. In addition to Jewish religious schools, a Jewish secular school which emphasizes tradition, history, and culture—as opposed to religion—has opened during the past year.

But anti-Semitism has also emerged. In the spring of 1990, during the national elections some leaders of the Democratic Forum, an anti-Communist political party, played upon Hungarian anti-Semitism. In a radio broadcast, Istvan Csurka, a prominent writer and a member of the Forum executive, urged Hungarians to "wake up." He warned them that a "dwarfish minority" was robbing Hungarians of their national culture and symbols and called Jews "rootless cosmopolitans." Other well-known Democratic Forum members have engaged in similar tactics. Though the leadership of the party has distanced itself, it has not condemned them. A prominent Hungarian sociologist acknowledges that the Forum, while not an anti-Semitic party, did "deliberately play the ethnic nationalism card of 'us' versus 'the strangers' during the campaign. And they won."

Szent Korona is the publication of the Christian National Union—Hungarian National Party and the National Federation of Hungarians. It publishes vehemently anti-Semitic articles which have described Jews as "cruel" and accused them of "occupying . . . leading position[s]."

Hungary's President Arpad Goncz has condemned anti-Semitism. During a visit to Israel, he announced that this country would "do everything to ensure that Jews . . . are able to feel at home, live in peace, security and dignified honor."

Though there have been various manifestations of anti-Semitism, there also have been positive signs. A poll, conducted in May 1991, found that while 12 percent of the population had negative views of Jews, 67 percent had favorable views. In addition, in April 1991, an Interparliamentary Council against anti-semitism was formed. Many of the country's leading writers and intellectuals haves spoken out against anti-Semitism in a timely and forthright fashion.

About ten percent of Hungary's population belongs to designated minorities. They are entitled to certain privileges including special schools financed by the government. Some within the Jewish community would like the Jews to apply for this special status. Others object because it would be acknowledging what the anti-Semites have been claiming: Jews are "other." It would also deny the fact that the vast majority of Hungary's Jews are culturally Hungarian and do not consider themselves a national minority.

It is ironic that there has been such a resurgence of anti-Semitism in Hungary since so many Hungarians live outside of Hungary, where they are often denied schooling in their language and other cultural rights.

CZECHOSLOVAKIA

Anti-Semitism in Czechoslovakia as a whole has been peripheral to political developments. Jewish leaders have described it as "marginal" but it has not been totally absent. It has been particularly visible among Slovakian separatists. The Slovak National Party, a group with anti-Semitic overtones, won several seats in the Slovak National Council and the Federal Assembly. In March 1991, a crowd of approximately 7,000 Slovakian protestors at a rally chanted anti-Semitic, anti-Czech slogans and waved portraits of Nazi war criminal Josef Tiso. They also physically assaulted President Havel. During the rally, recordings of Tiso's speeches were broadcast. This is part of an effort to whitewash his role and that of Slovakia during World War II.

The occasion for the protest was the 52nd anniversary of the founding of the Nazi puppet state of Slovakia on March 14, 1939. Havel warned against nostalgia for an event that brought war and misery. This was not the first time President Havel had spoken out in a direct fasl ion to condemn anti-Semitism. Frantisek Miklosko, chairman of the Slovak National Council, who accompanied Havel on his visit, apologized for the behavior of the crowd.

Slovakian separatists have organized daily meetings and rallies in Bratislava in support of Slovakian independence. At such rallies, leaflets charging a Zionist conspiracy have been distributed.

In April, demonstrators protesting the resignation of Prime Minister Vladimir Machier complained that the political changes in Slovakia were the work of "Czechs, Hungarians and Jews." Demonstrators carried posters with vicious anti-Semitic statements.

In contrast to Slovakia, there have been very few, if any, expressions of anti-Semitism in Bohemia and Moravia.

As in other Eastern European countries, the racial/ethnic conflict in Czechoslovakia does not involve only Jews. Czechs and Gypsies have also been attacked. Skinheads have been using slogans such as "Gypsies to the Gas Chambers." Many of these groups are fiercely anti-foreign. They direct their animus also against Vietnamese and Cuban foreign workers. Currently, Jews are usually not the target of their violence.

Surveys of public attitudes towards Jews, Israel and the Holocaust in Czechoslovakia, Hungary and Poland demonstrate that 23 percent of Czechs and 34 percent of Slovaks preferred that Jews not live in their neighborhoods. Those who are disappointed by the pace of reform or the dislocation that accompanies the switch from a controlled to a market economy have looked for a scapegoat and found it in the Gypsies and Jews.

SUMMARY

In an area where anti-Semitism has been endemic for centuries, the 45-year experience with Communism has done little to change feelings about Jews.

Perhaps the most remarkable fact is that the virtual absence of Jews in most European countries, as a result of the Holocaust, has had so little impact on these feelings. Not only does there seem to be little understanding, even interest, concerning the genocide of the Jews. It's as if it hadn't happened. And anti-Semitism without Jews raises new questions about the persistence of age-old patterns of prejudice.

As Europe grows together, first in the West and eventually "from the Atlantic to the Urals," and as more people seem to see the trend, the importance of dealing with the old-new anti-Semitism becomes all the more critical. The unified Europe of the coming decades will be a new and exciting, not just as old frontiers and enmities diminish or fall, but also as old and destructive patterns of thinking about neighbors within countries are abandoned.•

STATE TAX ON RETIREMENT INCOME OF NONRESIDENTS, PROHIBITION

• Mr. D'AMATO. Mr. President, I rise today in support of S. 267 which calls for the limitation on State taxation of pension or retirement income. The problem addressed by this bill is taxation without representation, or more commonly known to you and I as State source income tax.

My State, New York, is one of the few States with this ridiculous tax. Men and women who have worked for years to save for their retirement, all the while paying local, State, and Federal income tax, are having at least some of their retirement income taxed by the State. The problem here is that many of these people no longer live in New York. I wish New Yorkers never left our great State, therefore making no one eligible for this tax and I did not have to stand here today and talk about it, but this unfortunately is not the case. People do move out of the State and for New York or any other State to tax these people's pensions after they have moved is simply unfair.

Mr. President, why should these people pay taxes to another State when they no longer receive the services and benefits these moneys are being used for? Not only will they not be able to use the roads, bridges, tunnels, or State parks, but they can't even vote in that State. They do not have the opportunity to choose their representatives in the State which is so eager to take their money. This sounds very familiar to the problem faced by our forefathers just before the American Revolution. This time the King of England is replaced by the State governments which have this tax.

I support this legislation for one reason—the State source tax is not fair. I urge the other Members of the Senate to join with me and become a cosponsor of this bill.•

A CLEAR CHOICE: OBSERVE THE ARTIFICIAL BUDGET AGREEMENT OR EMBARK ON AN INVESTMENT-LED RECOVERY

• Mr. WELLSTONE. Mr. President, I rise in support of legislation introduced today by Budget Committee Chairman SASSER on behalf of over 40 Senators, including myself, who believe it is long past time to take down the walls between defense and domestic expenditures in the 1990 budget agreement. Two weeks ago, I introduced an amendment, along with Senator WIRTH, which would have put the Senate on record urging that these walls be taken down. I believe it is long past time to draft legislation to provide short-term recession relief and long-term stimulus for economic growth. This bill will enable us to do that.

At first glance, this may appear to be a technical bill. But its passage, cou-

pled with comprehensive economic recovery legislation, would have huge political and economic implications for all Americans. This is where we engage the fundamental debate over how to invest the peace dividend—a debate which should no longer be held captive to the artificial and unreasonable spending caps, timetables, or supermajority requirements of the budget agreement. This debate is made much more urgent by the weight of the deep and prolonged recession under which our people struggle, and by the administration's stubborn refusal to take advantage of the genuinely new post-cold-war opportunity to restructure and reprioritize Federal spending. Instead, in the wake of these changes, the Bush administration has claimed to be proposing $50 billion in defense cuts for the next 5 years. When examined closely, the true savings from even that modest proposal are going to be about $44 billion in budget authority and $27 billion in actual outlays over 5 years. Only $27 billion in actual defense savings over 5 years—and only $4 billion next year. Compare that to the over $1.4 trillion the administration plans to spend on defense over the next 5 years.

Before the collapse of the former Soviet Union, the Department of Defense had planned to reduce its budget by about 3 percent in inflation-adjusted terms to conform to the 1990 budget agreement caps. With the world completely transformed militarily and politically, President Bush has now made the momentous decision to increase that percentage by one point, to about 4 percent a year. Is this the best we can do? Of course not. In the face of a crumbling Soviet military machine, and economic troubles here at home, we can—and should—cut our defense budget by at least half over the next 5 years. But we must also consider the effect of such cuts on the families of workers in defense-related industries, and on military families. Any large-scale defense build-down must take into consideration the effects of such cuts on working people, and must include adequate funding for Federal programs to address the economic dislocation caused by such a build-down. I am firmly committed to such economic conversion, and to programs designed to address the economic dislocation which would likely ensue from these defense cuts.

Mr. President, this bill will not increase the Federal deficit by one penny. It will merely allow us to restructure our spending priorities in light of new post-cold-war realities, shifting military spending for programs now obsolete to domestic spending for roads, bridges, airports, job training, education, and health care. In this time of deep and prolonged recession that continues to buffet American workers, we can rush urgent aid to those in need and put our economy back on the road to economic recovery with this legislation and the economic investment it allows.

In the next decade, the real battles will be economic, not military. In a post-cold-war world, we must seize this opportunity to reinvest in our people, in our economy. This legislation is the first critical step in that process. Coupled with a major Federal program of economic investment in human capital and infrastructure, it will allow us to free ourselves from now irrelevant spending caps and timetables and invest in the American people. I urge my colleagues to support this legislation, and I urge Chairman SASSER to bring it to the Senate floor quickly so that we can address directly the urgent and growing needs of Americans in this painful recession.●

RESOLUTION ON GENERALIZED SYSTEM OF PREFERENCES

● Mr. D'AMATO. Mr. President, I rise today as an original cosponsor of the Senate resolution introduced by the Senator from Minnesota [Mr. DURENBERGER]. This resolution calls upon the President of the United States to ensure that the generalized system of preferences [GSP] trade program is no longer used to fulfill foreign policy needs at the expense of the American dairy, wine, mushroom, and other industries.

This resolution calls on the President to terminate the current GSP proceedings for products considered and rejected in the 1990 GSP annual review; to reinstate his GSP determinations of May 3, 1991; and to reauthorize the GSP program without the discretion to waive the 3-year waiting period.

Mr. President, I am concerned that New York farmers and businesses will be harmed by the July 12, 1991, White House decision to consider, as part of the trade enhancement initiative for Central and Eastern European countries, a new generalized system of preferences. As part of this initiative, previously rejected GSP petitions involving these countries will be reviewed.

After full consideration by the Trade Policy Review Group [TPRG], the President on May 3, 1991, rejected petitions for inclusion on the GSP list of Goya cheese, prepared or preserved mushrooms, grape wine and screws and bolts of iron or steel. On August 8, 1991, only 97 days after the President's rejection, the Trade Policy Staff Committee announced that it would reconsider these articles.

This decision is extraordinary since the regulations normally require a 3-year waiting period before reconsideration of the same articles. This waiting period provides some assurance to domestic industries that the GSP system will not be abused.

While I support democratic reform and the emergence of a market economy in the former Communist regimes, I do not believe that these reforms should be placed on the backs of already hard-pressed American farmers and agribusinesses.

Since these items are not covered by quotas, they could be imported in large quantities in direct competition with our domestic products. The granting of duty-free status under GSP for these products would automatically extend the number of countries on the GSP list to 130.

Mr. President, because I am concerned about the re-review process and its impact on the wine, cheese, dairy industry, and other businesses in New York and the rest of the country, I will support this bill and I ask my colleagues to join me as cosponsors.●

TEACHERS CAN'T BE PROXY PARENTS

● Mr. DURENBERGER. Mr. President, I want to take this opportunity to offer my congratulations to Washington Post columnist William Raspberry for reminding us of the important facts regarding education reform. In a recent column, entitled "Teachers Can't Be Proxy Parents," Bill set forth some fundamentals that we must consider in the debate over education in America:

First, we cannot agree on the answers for needed reforms in cost driven public service systems unless we agree on what the questions are.

Second, our Nation's public education system still does one thing very well—educate—teach.

Third, until and unless we stop using our public education system to do what public health and social service systems should be doing, we cannot get back on track.

Fourth, parenting skills should be taught, rather than learned.

As we search for new policy approaches for children in America, the Caplan-Choy-Whitmore research that Bill refers to should be studied very seriously. The conclusion of that study is that in finding reasons for academic success, "family is the critical influence." We need to face this fundamental fact when we set out to respond to the modern problems of children, families, and schools.

Mr. President, I ask that Bill Raspberry's column be reprinted in the RECORD.

The column follows:

TEACHERS CAN'T BE PROXY PARENTS

(By William Raspberry)

There's a simple truth about schools that you won't find in any of those studies on school reform, school restructuring or educational choice. You won't find it in the reports detailing how poorly our children are doing in comparison with the children of Taiwan or Denmark or in the critiques of those studies.

I know only two places where you can find it: in your own head, where the knowledge

has laid for as long as you can remember, and in the February issue of Scientific American magazine, where three researchers say it almost in passing.

Here it is: America's schools—unre- structured and unreformed—are doing a pretty good job of teaching children who come to school ready for learning.

Now if you and I know that, why is it that the people in charge of educational policy have such difficulty figuring it out? The reason, I suspect, is that, as with so many other policy matters, we tend to go searching for answers before we reach agreement on what the questions are.

For some of those who seek to influence school policy, the question may be how to eliminate the problems of race and caste in our society or how to raise the test scores of black and Hispanic children from poor families. For others, it may be how to get all of our children more interested in math, science, and English, or how to get smarter teachers into our classrooms. For still others, it may involve better preparation for entry-level jobs after high school, or improved college-prep courses or greater encouragement for girls.

With so many questions, it is not surprising that the only thing we can agree on is that something is wrong and needs to be fixed.

There's truth in that, but there is also truth in what you vaguely suspect and what teachers know beyond doubt: Much of what we talk about in our discussions of school failure has little to do with what happens at school and a great deal to do with what happens (or fails to happen) at home. For the youngsters who come to school ready for learning, the schools are working pretty well.

Nathan Caplan, Marcella H. Choy and John Whitmore, all of the University of Michigan, set out to explore reasons for the academic success of the children of Indochinese boat people in American schools. Their article is worth the effort to find it (their principal conclusion is that family is the critical influence: the value parents place on education, the sacrifices they are wiling to make—and to demand—for it, the direct involvement of parents in their children's school work).

But their research into the academic success *in American schools* of these refugee children leads them to a secondary conclusion: that "the American school sysem—despite widespread criticism—has retained its capacity to teach, as it has shown with these refugees. We believe that the view of our schools as failing to educate stems from the unrealistic demand that the educational system deal with urgent social service needs."

You know that, too. Even if you hadn't heard it from your children's teachers (which you probably have), you'd know it anyway: The more you require schools to feed children, protect them from drugs and violence, look after their health and coach them in safe sex, the less time and energy the teachers will have left for academics.

Say the authors: "The primary role of teachers has become that of parent by proxy; they are expected to transform the attitude and behavior of children, many of whom come to school ill-prepared to learn."

They do not dismiss the importance of the social services schools are called upon to deliver; they simply insist that we separate teaching from social services and at least consider whether it's reasonable to try to do both at school.

One social service that needs to become a matter of routine is that of teaching parents of young children how to get them ready for school learning. I'm talking about parenting classes conducted in recreation centers and church basements for those who already are parents, and I'm talking about classroom parenting courses for junior-high and high school students. Yes, mandatory—and for boys and girls. Most of them will sooner or later be parents, so they may as well learn something about being good parents.

That one innovation, widely instituted, might do more to improve school outcomes than all the reform/restructuring/choice recommendations that occupy so much of the educational debate.

That's not to say that the schools don't need improvement—perhaps even reform—only that there are some things that have to be done at home.

But you knew that.•

OUTSTANDING COMMUNITY PATROL

• Mr. D'AMATO. Mr. President, the success of any great service or program idea is dependent on those who are responsible for carrying them out. It is the great fortune of the Woodside area of Queens to have Patrolman Erwin Bustos on the beat looking out for the welfare of his community.

Patrolman Bustos provides a very visible patrol and is credited with being both responsive and communicative by the YOU Block Association. In the short time that Patrolman Bustos has been on the beat with the community patrol unit, he has won over the trust of residents, merchants, and the local block association. He responds quickly, follows up thoroughly, takes appropriate action, and communicates the results promptly. The results that Patrolman Bustos achieves instills great confidence by the community.

Patrolman Bustos is to be commended for his vigilence, availability, and willingness to assist and serve his community. It is the dedication and determination of individuals, such as Erwin Bustos, that make our streets safer and our world a little better. I wish to thank Patrolman Bustos for doing such a fine job. Efforts such as those provided by Patrolman Bustos make for resoundingly successful programs such as CPU, [Community Patrol Unit].•

THE ENERGY BILL

• Mr. WOFFORD. Mr. President, I am pleased that the Senate has moved to pass comprehensive national energy legislation early in this session of Congress. Ever since the first oil crisis nearly 20 years ago, I have considered it a national scandal that this Nation has not taken effective action to end our dependence on foreign energy sources. This legislation through its balance of increased conservation, increased energy efficiency and the rational development of our own resources can be an important first step toward energy independence. I commend the chairman of the Committee on Energy and Natural Resources, Senator JOHNSTON, for his tireless work in bringing S. 2166 to the Senate floor and securing its passage.

Energy independence begins with energy conservation. This legislation provides the framework for increased conservation starting with the energy practices of the Federal Government. Under S. 2166 the Federal Government will set an example in energy conservation by creating increased efficiencies in lighting, heating, ventilation, air-conditioning, as well as through the increased use of alternative fuel vehicles.

The legislation also emphasizes increased energy efficiency. The Federal mortgage pilot programs will create more energy efficient homes from the ground up. The bill allows small businesses to participate in installing and servicing energy efficient equipment as the Nation begins to modernize and upgrade its homes, office buildings, and factories. What is more, the Department of Energy will play an active role in developing energy efficient standards and guidelines for industrial and residential use.

The bill also makes the Federal Government a leader in the development of cleaner energy alternatives. For my State of Pennsylvania the clean coal provisions in title XIV are especially important in developing a variety of energy sources and uses based in the United States. Coal is the Nation's most abundant energy resource. Technological developments during the last two decades have shown that coal can be used cleanly in a variety of ways. This legislation furthers the development of clean coal technology in both fuel and nonfuel use. It also encourages the development and export of American clean coal technologies.

Mr. President, this legislation also promotes the use of alternative fuels. The incentives and programs contained in S. 2166 to use a variety of fuels in industry and in motor vehicles will aid in cutting our dependence of foreign energy sources. By the year 2000, the Nation could well see over 4 million alternative fuel vehicles on America's roads. The alternative fuels programs in S. 2166 will drive new fuel technologies, create job opportunities in new and emerging industries, reduce America's dependence on foreign energy sources, and promote increased environmental protection.

This legislation also extends energy research and development efforts in a number of areas using both the resources of the Federal Government as well as private industry.

Beyond the coal research initiatives, S. 2166 places a high priority on the development of natural gas fuels, end-use technologies, and supply enhancement. These efforts will increase the effective use of natural gas, an abundant American energy source. Increased research

will create a new generation of high efficiency heat engines as well as natural gas and electric heating and cooling technologies. These new technologies will, from their inception, have energy conservation and efficiency inherent in their design.

Finally, Mr. President, energy independence can become a reality not just a fleeting goal over coming decades. The programs in S. 2166 are bold, forward-thinking initiatives that rely on American energy sources and innovation. Energy security is intertwined with our national and economic security. This legislation provides the groundwork for the expansion of that security well into the next century, a benefit for all Americans.●

ORDER OF BUSINESS

Mr. MITCHELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

ORDERS FOR TOMORROW

Mr. MITCHELL. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 12 noon on Wednesday, February 26; that, following the prayer, the Journal of the proceedings be approved to date; that the time for the two leaders be reserved for their use later in the day; and that there be a period for morning business not to extend beyond 1 p.m. with Senators permitted to speak therein: With Senator GORTON recognized for up to 5 minutes, Senators REID and LEAHY for up to 10 minutes each, Senator LEVIN for up to 15 minutes, and Senator HOLLINGS for up to 20 minutes.

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

RECESS UNTIL 12 NOON TOMORROW

Mr. MITCHELL. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in recess, as previously ordered.

There being no objection, the Senate, at 6:52 p.m., recessed until tomorrow, Wednesday, February 26, 1992, at 12 noon.

NOMINATIONS

Executive nomination received by the Secretary of the Senate after the recess of the Senate on February 21, 1992, under authority of the order of the Senate of January 3, 1992:

CENTRAL INTELLIGENCE

VICE ADM. WILLIAM O. STUDEMAN, U.S. NAVY, TO BE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE, AND TO HAVE THE RANK OF ADMIRAL WHILE SO SERVING.

Executive nominations received by the Senate on February 25, 1992:

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

WILLIAM BAILEY, OF CONNECTICUT, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE ARTS FOR A TERM EXPIRING SEPTEMBER 3, 1996, VICE HELEN FRANKENTHALER, TERM EXPIRED.

IN THE ARMY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE U.S. ARMY, WITHOUT SPECIFICATION OF BRANCH COMPONENT, AND IN THE REGULAR ARMY OF THE UNITED STATES TO THE GRADE INDICATED IN ACCORDANCE WITH ARTICLE II, SECTION 2, CLAUSE 2 OF THE CONSTITUTION OF THE UNITED STATES. THIS APPOINTMENT IS VICE EXISTING APPOINTMENT AS A BRIGADIER GENERAL OF THE ARMY NURSE CORPS.

To be permanent brigadier general

BRIG. GEN. CLARA L. ADAMS-ENDER, [redacted] U.S. ARMY.

IN THE AIR FORCE

THE FOLLOWING PERSONS FOR RESERVE OF THE AIR FORCE APPOINTMENT, IN THE GRADE INDICATED, UNDER THE PROVISIONS OF SECTION 593, TITLE 10, UNITED STATES CODE, WITH A VIEW TO DESIGNATION UNDER THE PROVISIONS OF SECTION 8067, TITLE 10, UNITED STATES CODE, TO PERFORM THE DUTIES INDICATED.

MEDICAL CORPS

To be colonel

STEVEN A. TASK [redacted]

MEDICAL CORPS

To be lieutenant colonel

DAVID A. CROSS [redacted]

THE FOLLOWING REGULAR OFFICER FOR RESERVE OF THE AIR FORCE APPOINTMENT, IN THE GRADE INDICATED, UNDER THE PROVISIONS OF SECTION 593, TITLE 10, UNITED STATES CODE.

LINE

To be lieutenant colonel

OLIS L. LEWIS, JR. [redacted]

THE FOLLOWING PERSONS FOR RESERVE OF THE AIR FORCE APPOINTMENT, IN THE GRADE INDICATED, UNDER THE PROVISIONS OF SECTION 593, TITLE 10, UNITED STATES CODE.

RETIRED RESERVE—JAG

To be lieutenant colonel

BERT R. REED, JR. [redacted]

LINE

To be lieutenant colonel

JOSEPH A. AHNEW [redacted]
ROBERT E. ANDREWS [redacted]
JACK E. BERLIN [redacted]
WILLIAM R. MOOR [redacted]

THE FOLLOWING OFFICER FOR RESERVE OF THE AIR FORCE NONEXTENDED ACTIVE DUTY PROMOTION, IN THE GRADE INDICATED, UNDER THE PROVISIONS OF SECTION 8376, TITLE 10, UNITED STATES CODE.

MEDICAL CORPS

To be lieutenant colonel

PAUL G. ECHOLS [redacted]

THE FOLLOWING OFFICERS FOR RESERVE OF THE AIR FORCE NONEXTENDED ACTIVE DUTY PROMOTION, IN THE GRADE INDICATED, UNDER THE PROVISIONS OF SECTION 1552, TITLE 10, UNITED STATES CODE.

LINE

To be lieutenant colonel

ROBERT W. ANDERSON [redacted]
DAVID M. DECKMAN [redacted]